

# Transport for the North Audit & Governance Committee Consultation Call Agenda

<b>Date of Meeting</b>	<b>Friday 18 November 2022</b>
<b>Time of Meeting</b>	<b>11.00 am</b>
<b>Venue</b>	<b>Virtual</b>

### Filming and broadcast of the meeting

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Item No.	Agenda Item	Page
<b>1.0</b>	<b>Welcome and Apologies</b> The Chair to welcome Members to the meeting.	
<b>2.0</b>	<b>Declarations of Interest</b> 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.	
<b>3.0</b>	<b>Minutes from the Previous Meeting (5 minutes)</b> To approve as a correct record the minutes of the Audit & Governance Committee held on 21 <sup>st</sup> September 2022. <b>Lead:</b> Chair	5 - 12
<b>4.0</b>	<b>Corporate Risk Review (30 minutes)</b> To review the current risks held on the Transport for the North Corporate Risk Register with a specific focus on the Electric Vehicle Charging Infrastructure. <b>Lead:</b> Daniella Della-Cerra Smith	13 - 70
<b>5.0</b>	<b>Quarterly Operating Report (10 minutes)</b> To present the Quarterly Monitoring Report (Jul – Oct 2022) to the Committee <b>Lead:</b> Paul Kelly	71 - 92
<b>6.0</b>	<b>Financial Update (10 minutes)</b>	93 - 98

	<p>To provide a Financial update on:</p> <ul style="list-style-type: none"> <li>• Year to Date Position</li> <li>• Budget Revision 2</li> <li>• Mid-Year Treasury Management</li> </ul> <p><b>Lead:</b> David Spilsbury</p>	
<b>7.0</b>	<p><b>Internal Audit Update (15 minutes)</b></p> <p>To note the reports from Internal Auditor RSM Risk Assurance Services</p> <ul style="list-style-type: none"> <li>• Progress Report</li> <li>• Risk Maturity Report</li> </ul> <p><b>Lead:</b> Alex Hire</p>	99 - 122
<b>8.0</b>	<p><b>External Audit Update (10 minutes)</b></p> <p>To note the External Audit Progress report from Mazars.including updates on</p> <ul style="list-style-type: none"> <li>• 2020/2021 and 2021/2022 audits</li> <li>• Provision of recent relevant reports and publications for information.</li> <li>• Verbal Update on PSAA provided by TfN</li> </ul> <p><b>Lead:</b> Karen Murray</p>	123 - 136
<b>9.0</b>	<p><b>Preparation of the Annual Governance Statement (10 minutes)</b></p> <p>To consider the progress update on the Annual Governance Statement.</p> <p><b>Lead:</b> Julie Openshaw</p>	137 - 140
<b>10.0</b>	<p><b>Date and Time of Next Meeting</b></p> <p>The next meeting of the Audit and Governance Committee will be held on Friday 17<sup>th</sup> February between 11:00 – 13:00</p>	

# Audit & Governance Committee Minutes

**Wednesday 21 September 2022**  
**Virtual**

**Present:**

<b>Attendee</b>	<b>Local Authority</b>
Graham Bell (Chair)	Independent
Cllr Keith Little	Cumbria;
Cllr Liam Robinson	Liverpool City Region;
Cllr Hans Mundry	Warrington;
Kevin Brady	Independent

**Partners in Attendance:**

Andy Rhind	DfT
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**Invitees In Attendance:**

Campbell Dearden	External Audit
Karen Murray	External Audit
Alex Hire	Internal Audit

**Officers in Attendance:**

<b>Name</b>	<b>Job Title</b>
Paul Kelly	Interim Finance Director
David Spilsbury	Financial Controller
Daniella Della-Cerra-Smith	Risk Manager
Julie Openshaw	Head of Legal

**Item  
No:**

**Item**

**1. Welcome and Apologies**

- 1.1 The Chair welcomed Members to the meeting and was grateful that the meeting could be rearranged allowing the Committee to meet before the Board meeting on 29 September.

Apologies were noted from David Pevalin and Cllr Jonathan Owen.

**2. Declarations of Interest**

- 2.1 There were no declarations of interest.

**3. Minutes from the Previous Meeting**

- 3.1 The minutes of the meeting held on 14 July 2022 were considered for their accuracy.
- 3.2 The Finance Director updated on the following matters:

- Pt 8.3 The Chair wanted to ensure there was a clear link between the Risk Register and the internal audit plan in terms of highlighting controls and processes to manage and mitigate risk and he thanked RSM for their work – **a meeting was held with the internal audit function.**
- Pt 10.4 Mr. Brady inquired that now risks relating to NPR business case have closed, does co-sponsor arrangements with the department remain as risks? **TCR11 is a theme within the corporate risk register, which was created in May and includes 2 risk factors relating to co-sponsorship. Risk reviews have also been held to review and identify risks relating to co-sponsorship at functional/project level.**
- Pt 10.5 Mr. Brady asked, in relation to the co-sponsorship arrangement, who owns the sponsor board? Is it TfN led? **DfT and TfN are co-sponsors although the funding would be provided by the Department.**
- Pt 10.6 Mr. Brady thought the risk register did not tease out how full member buy-in would be achieved for the STP2 related risk. **TRC03 Risk 881 amended. Risk description and mitigation actions to be more explicit.**
- Pt 10.7 Mr. Brady raised that there was challenge in terms of the TAME opportunity for TfN on how we free up resource to explore the opportunity and how do we follow those opportunities and aspirations without impacting on grant deal with department? **New mitigation action was raised relating to the TfN Working Group to define TfN as a Centre of Excellence.**
- Pt 10.8 Mr. Brady thought TCR13 – Funding mitigations were clear for value for money and case for funding but no reference to underpinning principle of devolution and that subsidiarity to the North. **A new action was raised for Risk 878 in relation to exploring future funding opportunities.**
- Pt 10.9 Cllr Little raised the risk around the relationship with the Department. Currently have no Secretary of State. Uncertain what the government wants the relationship to be between us and other Strategic Transport Bodies. **Risk 879 probability, current and target position, has been increased based on the uncertainty of the current political environment.**

**Resolved:**

That the minutes of 14 July be formally approved as a true and accurate record.

**4. Risk Review**

- 4.1 Ms. Della-Cerra-Smith presented the updated changes to the Risk Management Strategy and corporate risk register and highlighted new risks that had been identified. Mr Brady expressed thanks; a comprehensive presentation and impressed with the whole approach. The Chair echoed the same and thought it was a very relevant set of documents practically when read alongside the business plan.

- 4.2 Mr Brady asked about the Centre of Excellence concept and how capacity can be built. He also enquired as to whether the risk register suggests that the autumn submission might mitigate the risk around the arrangements for Northern Powerhouse Rail (NPR).
- 4.3 Mr Kelly explained that the Department have recognised the importance of providing clarity on the role of the Centre of Excellence and how it will support Local Transport Authorities (LTA's) and other Subnational Transport Bodies (STB's) in areas such as the Common Analytical Framework.
- 4.4 Mr Foster indicated that one of the critical, early messages to the Department was that TfN want to be a Centre of Excellence and there is a huge amount of added value that TfN could bring, particularly to LTA's and STBs, but it needs to be done via a sustainable, clear, coherent funding settlement, rather than receiving lots of small pots over time.
- 4.5 In response to the question on the co-sponsorship arrangement Mr. Foster explained that the process is being led by DfT with TfN supporting and is being governed by a joint sponsorship board between TfN and DfT officials. He further explained at a meeting in August, it was decided to wait until the new Government was in place, in order to give the DfT time to liaise with Ministers first, on a range of options that they are comfortable with, before it comes back to TfN Board. Both sides will need to agree before taking it forward.
- 4.6 He stated that the Board has given a clear stance on what it expects to see from the sponsorship arrangement and are actively talking to the Department about several issues including NPR and HS2. Lord McLoughlin has written to the new Prime Minister and Secretary of State on both issues.
- 4.7 Mr Brady enquired as to how this position will be reflected in the risk register. The Chair explained that the risk register is unable to capture all of that but will provide clarity around the frame within which uncertainty is being considered.
- 4.8 There is currently an audit taking place looking specifically at risk management maturity. Feedback will be provided over the next few weeks.

**Resolved:**

That the Committee notes updates to the report and the risk management strategy and provides assurance to the Board on 29 September 2022 that efficient and effective risk management practice and processes are in place.

**5. Business Planning**

- 5.1 Mr Kelly thought it would be useful for the A & G Committee to formally see the Business Plan. Mr Foster has joined the meeting today to answer any questions. Members received the report of Mr Kelly who together with Mr Foster highlighted the key aspects of the report.
- 5.2 The Chair believed the plan was informative and highlighted that the list of KPIs in the risk register goes through to March 2023 but there are less

- on the Business Plan. Mr Kelly will review the Plan and update the Committee.
- 5.3 Mr Brady asked how the Business Plan influences the Committee's work plan going forward and asked whether the Business Plan is fully captured in the risk register? He also raised the issue of Electric Vehicle Charging Infrastructure (EVCI) which has not been discussed by the Committee so far, nor is it on the risk register, even though it is in the Business Plan. Mr Kelly stated that this is an omission and will be picked up.
- 5.4 Cllr Little stated that EVCI was problematic for transport authorities and enquired as to whether TfN are working with individual contractors, companies or providers or looking to ask Government for support. He explained that the North of England are behind with regards to EVCI and there is a need for a closer relationship between TfN, LTA's and the Government on this, in order for the North to catch up. He requested that this be brought back to the November meeting.
- 5.5 Cllr Mundry believes that the North are drifting into an ad hoc way of looking at our transport. He stated that rather than being a Transport for the North, it appears that Districts and Governments are doing their own thing, with TfN trying to co-ordinate. He stated that TfN need to find a way of having an overview of everything that is going on and link everybody together so that there is an overall Northern plan and a succinct way of putting it all together. He stated the need for proper infrastructure and a plan for the future. The Chair said from a strategic perspective, that speaks about the wider risk of TfNs relevance and on-going viability.
- 5.6 Mr Foster explained that there are three dimensions to what Cllr Mundry has set out. He explained that the Department is looking at guidance for local transport plans and for the first time, wants to define the role of STB's and specifically for TfN as a Statutory Transport Body; TfN are feeding into that process in areas such as Decarbonisation and EVCI. Secondly, as TfN updates and refreshes the Statutory Transport Plan (STP2) for the North, it provides the opportunity to set out, areas of work where the North is going to decide to take a collective view about things and what it is that TfN as an organisation is doing to support LTA's. The new STP2 will give an opportunity to be more specific about these things.
- 5.7 On the issue of funding and the Business Plan for the next two financial years, he outlined the messages that TfN will look to give the DfT in the autumn. He explained that there is no long-term certainty from the Department on funding and the organisation needs to ensure that its finances and funding are provided on a sustainable basis alongside a clear view, agreed with the Board and the Department, about TfN's role and remit.
- 5.8 Members stated that a Northern view and a streamline of regular funding is required. They expressed their frustration with the current process, where Local Authorities bid against each other for money to try and do

projects within their areas. They expressed a need to combine resources in order to achieve a northern vision. The Chair requested that these points be revisited at the next meeting.

**Resolved:**

- 1) That the Committee notes the content of the 2022/23 Business Plan.
- 2) That EVCI to be brought to the November Audit & Governance meeting.
- 3) That the Northern transport vision to be picked up at the November Audit & Governance meeting.

**6. Internal Audit Update**

- 6.1 Ms Hire presented the report, documenting progress against the current audit plan. She explained that she has been liaising with Mr Kelly regarding the follow up review that was presented at the July meeting. The risk maturity review is ongoing and the GDPR review is due to start on 7 November.
- 6.2 She further explained that the audit plans will continue to reflect TfNs risk profile. The Health & Safety framework review is being reconsidered due to the change in office working, as when the plan was initially being developed the majority of staff worked regularly from the office.
- 6.3 The Chair stated that the audit plan focuses on control and effectiveness; more can be done in terms of creating the linkage between risk themes and the audit plan. An area that could be looked at in terms of control, is project and programme level control.
- Ms Hire said she and Mr Kelly will look at that area in terms of scoping for an audit review.
- 6.4 The Payroll Report reviewed key controls with regards to payroll, starters, terminations, and month end reviews and there are no actions from this audit. Data analytics was also included and there are no anomalies or concerns. The Chair stated that he was pleased to see that the testing covered leavers, as this process is often where errors can occur. The Chair thanked Ms Hire for the detailed level of testing that had been done. It supports our assurance that is subsequently passed on to Board.

**Resolved:**

That the Committee notes the Internal Audit reports.

**7. External Audit Update**

- 7.1 Ms Murray presented the External Audit Report. She explained that there is a small amount of work outstanding relating to pension assurance; they are waiting for the pension fund auditor to provide assurance on the work that they have done. She stated that this should be received by the end of the month. Ms Murray also stated that there is a review of the narrative report still outstanding; this was outstanding when the report was drafted but has now been finalised and the audit is complete. Members were informed that the accounts were of good quality and

supported by good working papers and cooperation from the Finance team.

- 7.2 Cllr Little highlighted the changes within the Finance Team since the departure of former Finance Director Mr Iain Craven. Cllr Little gave thanks on behalf of the Board for the continuity of work provided.
- 7.3 Mr Brady raised the issue around the risk of financial sustainability going forward with Members expressing concern that this is a significant risk. Mr Brady stated that this needs to be kept at the forefront of the Committee's minds going forward. He explained that this was able to be mitigated against last year but was concerned that this would not be the case this year.
- 7.4 Mr Kelly explained that the timeline for the submission has been extended to November with TfN wanting to try and get the accounts signed and published by the end of September, but this will now be later. He proposed that the Committee approve the accounts subject to the receipt of the audit reports for the pension fund and explained that his recommendation to the Board would be the same. He explained that in the unlikely event that the pension audit report is not "clean" on receipt, and the accounts needs to be adjusted, the process would need to start again.
- 7.5 On the issue of financial sustainability Mr Kelly explained that the Memorandum of Understanding (MOU) was in place that underwrites the activities and costs of TfN. He also highlighted that there is a reducing level of reserves from earlier core grant allocations. The Committee were informed that encouraging discussions are taking place with the Department regarding incremental services. He stated his belief the outlook is positive compared to a year ago and the Department are being supportive.
- 7.6 The Chair raised the issue of leavers and data and system access which he believes is potential data loss prevention. He requested that the risk register be reviewed from a management perspective and whether anything could be added on data loss. Ms Della-Cerra-Smith indicated that data loss is covered in the cyber security section.
- 7.7 Mr Dearden expressed his thanks to Mr Spilsbury and Mr Kelly and their team for a smooth audit and very few audit findings.

**Resolved:**

That the Committee notes the External Audit Completion report.

**8. Draft Audit & Governance Committee Annual Report to the TfN Board**

- 8.1 Members received the report from Mr Kelly who highlighted the points of the report. He explained that he hoped that the accounts can be approved subject to a letter saying that there are no adjustments to the accounts going forward.

**Resolved:**

That the Committee recommends submission of the report to the TfN Board.

**9. Year End Statutory Accounts**

- 9.1 Members received the report from who Mr Spilsbury who explained to Members that the final accounts for the year will go forward to the Board on 29 September for approval.
- 9.2 The Chair acknowledged that there was value for money read across activities and responsibilities in the report. He also queried why the challenges associated with quoracy were highlighted (page 70 of the accounts).
- 9.3 Mr Kelly noted that it was an amendment to what was previously seen by the Committee; elected membership has been changed from 3 to 4 and non-executive was extended, acknowledging that there are 1 or 2 roles to fill. Mr Kelly would like to discuss with Chair going forward how the cycle of membership can be implemented to support the delivery of the committee's remit.
- 9.4 The Chair asked that Mr Kelly double check against the Audit Committee Report and the governance statement within the accounts, to ensure that terminology and wording is the same in each document.

**Resolved:**

That the Committee notes the draft Statement of Accounts and recommends to the TfN Board meeting on 29 September that they be considered for approval.

**10. Date and Time of Next Meeting**

Friday 18<sup>th</sup> November 11:00 – 13:00  
consultation call

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**Meeting:** Transport for the North Audit & Governance Committee  
**Subject:** Corporate Risk Review  
**Author:** Daniella Della-Cerra-Smith, Risk Manager  
**Sponsor:** Paul Kelly, Interim Finance Director  
**Meeting Date:** Friday 18 November 2022

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**1. Background:**

- 1.1 Transport for the North (TfN) has updated the Corporate Risk Register (CRR) to reflect the Key Performance Indicators (KPIs) and Business Objectives outlined in the Business Plan for Financial Year 2022/23.
- 1.2 The CRR was last presented to TfN Board on 29 September 2022. The next scheduled Board meeting at which the CRR is due to be presented is 23 March 2023.
- 1.3 The updated CRR was presented to Operating Board on 1 November 2022.
- 1.4 TfN's corporate risks stem from the agreed KPIs and from a range of other 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. TfN's Corporate Risk Register is presented at Appendix 4.1.

**2. Recommendations:**

- 2.1 That the Committee considers updates to the CRR, notes the four management actions concluded as part of the RSM risk maturity audit and reviews the EVCI project risks ahead of the deep dive. This is to provide assurance, that efficient and effective risk management practice and processes are in place.

**3. RSM Risk Maturity Audit – Four Management Actions:**

- 3.1
  1. Risk Champions will ensure all areas of the Predict Risk Management System are utilised including progress updates and the basis of assessment.  
**Implementation Date: 31 May 2023.**
  2. Audit and Governance Committee will perform a deep dive into a chosen risk from the CRR. Following this, a programme of risk deep dives will be agreed with Audit and Governance Committee. **Implementation Date 28 February 2023.**
  - 3a. TfN will establish a Board Assurance Framework, which will include the main areas of risk for TfN and where TfN gets assurance in each area. The Board Assurance will provide for cyclical assessment of controls and the provision of assurance will be clearly detailed within the Risk Management Strategy.  
**Implementation Date: 31 March 2023**
  - 3b. The Risk Manager will work alongside Risk Owners for the key corporate risks to ensure the Board Assurance framework is embedded and applied for all assurance areas. **Implementation Date: 31 October 2023**
  4. The Risk Management Strategy will be amended to include the factors that will be considered when escalating risks to the Operating Board. This could include risks that exceed TfN's risk appetite or could be driven by strategic themes outlined in the business plan. **Implementation Date: 31 December 2022**

#### **4. TfN Themes:**

4.1 The top risk themes are currently:

- TfN funding
- TfN's Strategic Transport Plan (STP)
- Technical, appraisal, modelling, and economics (TAME)
- TfN's reputation, political engagement, and effectiveness
- Resources
- Rail operations - franchise management and investment

For further details of key changes made please see the Executive Summary of the CRR (Appendix 1).

#### **5. EVCI Risks - Deep Dive**

5.1 A deep dive into EVCI risks is scheduled at Audit and Governance Committee on 18 November. Currently, one issue, three risks and one opportunity are identified on the EVCI project risk register. The slide pack at Appendix 2 to this report provides further details.

#### **6. Considerations:**

6.1 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 CRR.

6.2 It is essential that TfN and its programme teams recognise, understand, and manage the risks that could negatively impact on its ability to achieve its objectives and priorities.

6.3 This report provides the Committee with an update on the organisational risks and issues relating to the business KPIs/objectives which can be found in the CRR.

#### **7. Corporate Considerations:**

##### **7.1 *Financial Implications***

The financial implications are detailed within individual risks where applicable.

##### **7.2 *Resource Implications***

The resource implications are detailed within individual risks where applicable.

##### **7.3 *Legal Implications***

The legal implications are detailed within individual risks where applicable.

##### **7.4 *Risk Management and Key Issues***

The Corporate Risk Register is part of this report.

##### **7.5 *Environmental Implications***

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

##### **7.6 *Equality and Diversity***

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

##### **7.7 *Consultations***

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

#### **8. Background Papers:**

8.1 The CRR presented as a standing item at each Audit & Governance Committee provides the background papers and context for this report

**9. Appendices:**

9.1 Item 4.1 Corporate Risk Register Nov 2022

9.2 Item 4.2 EVCI Risk Deep Dive

9.3 Item 4.3 EVCI Project Background

<b>Glossary of terms, abbreviations and acronyms used</b>	
a) CRR	<i>Corporate Risk Register</i>
b) KPI's	<i>Key Performance Indicators</i>
c) STP	<i>Strategic Transport Plan</i>
d) RMS	<i>Risk Management Strategy</i>
e) EVCI	<i>Electric Charging Vehicle Infrastructure</i>

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# Transport for the North

Corporate Risk Register

November 2022

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## 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 2022/2023 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 a monthly cycle, with clear reporting in line with governance arrangements.

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 TfN 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 2022/23 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 report provides information such as risk description, potential consequences on TfN's objectives and priorities, and the mitigation measures in place to manage risks.

**Section 1** provides an executive summary of TfN's Risk Environment and Emerging Risks, corporate risk themes and factors, key changes to the register since the last risk review, key impacts/action themes, and TfN's 2022/23 KPIs.

**Section 2** provides a detailed analysis of each risk, the mitigating actions that have been adopted, and the mitigation level of control, as it is important to understand the extent to which TfN is able to influence or control the risk outcomes.

## **1 Executive Summary**

### **1.1 TfN's Risk Environment and Emerging Risks**

- 1.1.1 Recognising the current fiscal environment including the rising cost of inflation, TfN are closely monitoring funding risks and budget expenditure. There is a risk at functional level to manage and monitor budget assumptions and there is a corporate risk for future funding allocation, which currently does not account for inflation. This presents TfN with medium term funding sustainability challenges.
- 1.1.2 In Autumn, TfN will be preparing the Business Plan for 2023/24, based on a planning assumption that underpins the work that has been done this financial year. TfN will continue to work closely with DfT to ensure effective resource planning of agreed priorities, including the retention and recruitment of skills for roles.
- 1.1.3 The '*changes in government commitment*' corporate risk is being closely monitored in response to the recent changes to the political environment. Engagement with government at political and officer level will be a key priority for TfN.

### **1.2 Key Changes to the corporate risk register**

- 1.2.1 Following the imminent departure of the Business Capabilities Director risks have now been reassigned to the relevant owners for Human Resources, Legal and Cyber security.
- 1.2.2 Co-Sponsorship risks have now been reassigned to the Strategic Rail Director in line with TfN's new operating model.
- 1.2.3 TRC02: Risk 880 TfN are unable to provide the 'One Voice' for the North in relation to strategic transport investment priorities, and policy positions – mitigation actions included in relation to EVCI (Electric Charging Vehicle Infrastructure).
- 1.2.4 TRC02: Opportunity 913 Centre of Excellence - increased current probability from low medium due to progress made with completion of mitigation actions and positive engagement with DfT. Two new actions included in relation to EVCI.
- 1.2.5 TRC05: Risk 299 Achieving decarbonisation – actions included in relation to EVCI.

1.2.6 TCR14: Risk 643 recruitment and retention of staff - reduced probability current from very high to medium and target from medium to low as TfN are now in quarter 3 of 4 and recruitment for roles is progressing.

1.2.7 Our Key Performance Indicators (KPI's) framework monitors and measures our progress and performance and ensures that we provide value for money. The KPIs that we have adopted for 2022/23 are set out below:

<b>KPI</b>	<b>Detail</b>	<b>Deliver</b>	<b>Responsible</b>
<b>1</b>	Establish the stakeholder forum for Trans-Pennine Route Upgrade	Jul-22	Rail
<b>2</b>	Publish the TfN work on Transport related social exclusion	Sep-22	Strategy
<b>3</b>	Complete the reshaping of TfN and implement new operating model	Sep-22	CEO
<b>4</b>	Implement effective governance arrangements for the Co-Sponsor Board	Sep-22	CEO/Rail
<b>5</b>	Publish the TfN Freight and Logistics Strategy	Sep-22	Strategy
<b>6</b>	Establish the agreed NPR analytical work programme for DfT through TAME	Sep-22	Strategy
<b>7</b>	Develop and autumn submission to Government that identifies opportunities to build on TfN's technical capabilities	Oct-22	Finance/Strategy
<b>8</b>	Develop the business model that enables TfN to support its partners across the North	Oct-22	CEO/Strategy
<b>9</b>	Working with partners to prepare a Northern proposition for the implementation of the Williams-Shapps rail reforms	Dec-22	Rail
<b>10</b>	Publish a refreshed Northern Powerhouse Independent Economic Review	Dec-22	Strategy
<b>11</b>	Identify investment priorities for consideration as part of Road Investment Strategy (RIS3)	Dec-22	Road
<b>12</b>	Use the EV charging infrastructure framework to support partners - nationally and across the North	Dec-22	Road
<b>13</b>	Make the Clean mobility visions outputs available for use by partners - nationally and across the North	Dec-22	Strategy
<b>14</b>	Prepare a draft Strategic Transport Plan and secure TfN Board agreement to consult	Mar-23	Strategy
<b>15</b>	Complete an Integrated Sustainability Appraisal of the revised Strategic Transport Plan	Mar-23	Strategy
<b>16</b>	Develop a draft connected Mobility Strategy and secure TfN Board agreement to publish	Mar-23	Rail/Road
<b>17</b>	Develop and implement the Manchester Recovery Task Force "blueprint" and apply the same approach to the East Coast Main Line	Mar-23	Rail
<b>18</b>	Contribute to the work of the Leeds Area Study as part of the implementation of the IRP	Mar-23	Rail
<b>19</b>	Deliver projects on BSIPS, hydrogen and local mobility in support of partners	Mar-23	Strategy/Road/Rail
<b>20</b>	Submit to DfT an update on progress with the implementation of the Major Road Network Programme	Mar-23	Road

### 1.3. Corporate Risk Dashboard

<b>11</b> Current themes	27 Risk factors	2 Opportunities	<b>124</b> Mitigation actions	63 Ongoing actions	6 New actions
0 New risk factors	0 Issues	37 Mitigation actions due by 31 Dec 22	8 actions completed in September and October		

TCR	Themes ordered by highest current risk score	Number of Risk Factors per Theme	Current Score	Target Score	Risk Owners
13	TfN funding	3	20	18	Chief Executive Officer and Finance Director
3	TfN's Strategic Transport Plan (STP)	2	20	15	Interim Strategy and Programme Director
12	Technical appraisal, modelling and economics (TAME)	2	20	15	Interim Strategy and Programme Director
2	TfN's reputation, political engagement and effectiveness <b>(including 2 opportunities)</b>	7	19	19	Chief Executive Officer and Interim Strategy and Programme Director
14	TfN resources	3	19	17	Head of Human Resources
9	Rail operations - franchise management and investment	3	19	17	Strategic Rail Director
11	Co-sponsorship	2	18	15	Chief Executive Officer and Strategic Rail Director
4	Delivery of robust and compelling evidence to support Investment Programmes	1	15	11	Interim Strategy and Programme Director
7	TfN compliance and relevant laws and regulations	1	11	11	Head of Legal Services
5	Transport decarbonisation and climate change	1	11	8	Interim Strategy and Programme Director
10	TfN cyber security	2	10	10	IT and Information Manager

**Key impacts across themes:**

- TfN reputational damage and loss of credibility.
- TfN's ability to access funding in the future.
- TfN's ability to deliver statutory duties.
- Recruitment and retention of staff.

**Key action themes:**

- Partner Engagement
- Developing a revised MoU with the DfT
- Collaborate with DfT on NPR Sponsor Board
- Establishing and following realistic programmes

Threat Scoring	
Issue	
Very High	19 - 25
High	14 - 18
Medium	7 - 13
Low	1 - 6

Opportunity Scoring	
Very High	-19 - -25
High	-14 - -18
Medium	-7 - -13
Low	-1 - -6

#### 1.4. Key Risk Factors for TfN:

ID	Theme	Risk Description	Actions	Action Owner
916	TfN Funding	New funding allocations for 2023/24 might be a flat rate, which doesn't account for inflation, therefore presenting medium term/3-year sustainability challenges	<ol style="list-style-type: none"> <li>1. Engagement with stakeholders to ensure the case for TfN's funding is supported by all Board members</li> <li>2. There is structured engagement with government officials and decision-makers</li> <li>3. TfN and DfT collaborative working to develop a revised version of MOU</li> <li>4. TfN to demonstrate that it delivers value for money</li> <li>5. TfN to explore wider funding opportunities through development of Centre of Excellence proposition</li> <li>6. Early and continuous engagement with DfT in relation to 2023/24 business planning</li> </ol>	<p>Chief Executive Officer</p> <p>Interim Strategy and Programme Director</p>
881	TfN's Strategic Transport Plan	TfN are unable to produce a draft STP that will be endorsed by TfN Board and government in time for the March 2023 deadline.	<ol style="list-style-type: none"> <li>1. Engagement with Partners and Government</li> <li>2. Manage programme via TfN's Strategic Oversight Group</li> <li>3. Update Northern Powerhouse Independent Economic Review (NPIER)</li> <li>4. Manage interdependencies with NPIER</li> </ol>	Interim Strategy and Programme Director
884	Technical appraisal, modelling and economics	Legal and commercial restrictions. TfN is not legally allowed to share its models or data with Partners.	<ol style="list-style-type: none"> <li>1. Early engagement with legal team</li> <li>2. Develop TfN Licensing Strategy</li> <li>3. Obtain licences for all data inputs</li> </ol>	Interim Strategy and Programme Director

879	TfN's reputation, political engagement and effectiveness	Despite our statutory status there could be a material change in government's commitment to STB's/reduction of remit and powers of TfN or a change in views/approach as to how STB's function	<ol style="list-style-type: none"> <li>1. Structured engagement with government officials and decision-makers</li> <li>2. TfN continue to respond to any DfT proposals and develop a revised version of MOU</li> <li>3. TfN to demonstrate that it delivers value for money</li> <li>4. Maximise the input and contribution of Partnership Board</li> <li>5. Engagement with other STB's to identify areas of common interest</li> </ol>	Chief Executive Officer
643	TfN Resources	TfN is unable to recruit and retain suitable staff to deliver the 2022/23 business plan and medium to long term TfN objectives.	<ol style="list-style-type: none"> <li>1. Update People Strategy as required</li> <li>2. Continue to brief and update staff</li> <li>3. Provide training and development opportunities</li> <li>4. Full and proper consultation with UNISON</li> </ol>	<p>Head of Human Resources  Head of Human Resources  Interim Strategy and Programme Director  Head of Human Resources</p>
310	Rail Operations	There is a risk that TfN could have a reduced role in the rail industry following the implementation of the Williams-Shapps review.	<ol style="list-style-type: none"> <li>1. Collaboration with the GBR transition team</li> <li>2. Established rail-reform Programme Board chaired by TfN's CEO</li> </ol>	Strategic Rail Director

## 2. Qualitative Risk Analysis of TfN’s Corporate Level Risk

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**TCR02: TfN's reputation, political engagement, and effectiveness**

ID	Risk Description	Owner	KPI	Current Score	Target Score	Trend
879	Despite our statutory status there could be a material change in government's commitment to STB's/ reduction of remit and powers of TfN or a change in views/ approach as to how STB's function.	Chief Executive Officer	All	19	19	↔
296	There is a risk of disconnect between TfN's statutory powers/remit and stakeholder expectations.	Chief Executive Officer	All	18	15	↔
640	The internal and external leaking of confidential information may create a legal liability.	Chief Executive Officer	All	15	15	↔
880	TfN are unable to provide the 'One Voice' for the North in relation to strategic transport investment priorities, and policy positions.	Chief Executive Officer	8, 20	18	15	↔
920	Failure to comply with governance and corporate processes across the organisation.	Chief Executive Officer	All	11	8	↔
913	Opportunity: TfN can provide more services and guidance to support national, regional, and local partners, as a centre of excellence.	Interim Strategy and Programme Director	2, 5, 7, 8, 13, 19	-15	-18	↑
915	Opportunity: TfN could exploit the benefits of being a more focused organisation e.g. Simplification of and reduction in processes, overheads and services arising from reshaping of TfN.	Chief Executive Officer	3	-15	-18	↔

**Impacts:**

- Reduction in core funding makes it more difficult for TfN to fulfil statutory responsibilities.
- TfN unable to fulfil its statutory responsibilities requiring a fundamental review of the organisation.
- Failure to make timely, evidence-based advice to Government in respect of priority projects and programmes thereby delaying or preventing 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 statutory responsibilities and powers and partners' perception of its role.
- TfN's reputation and relationship with DfT, partners and members could potentially be adversely affected, with potential legal costs.
- TfN could lack the powers or the influence to deliver the economic, social and sustainability benefits to the North that is set out in the Strategic Transport Plan.
- Increase TfN's chance of securing additional future funding through capabilities.
- Improved relations and reputation with government and partners as a recognised Centre of Excellence locally, regionally, and nationally.
- A source of trusted information, that is available to all our partners.
- Improving outcomes for partners including efficiencies of public funding.
- Simplification of processes in line with organisational redesign has the potential to reenergise the workforce, increases operational efficiencies and allows for efficient use of resource time.

#### Mitigation actions for risk 879:

ID	Control Level and Action Description	Owner	Due
2489	Medium - There is structured engagement with government officials and decision-makers.	Chief Executive Officer	Dec 22
2490	Medium - TfN continue to respond to any DfT proposals and develop a revised version of Memorandum of Understanding (MOU) between DfT and TfN.	Chief Executive Officer	Dec 22
2491	Medium - TfN to demonstrate through priorities identified in the Business Plan that it delivers value for money, maximises the efficiency of taxpayer money and provides additional value to its partners (nationally and across the North) that realises benefit to the North of England.	Chief Executive Officer	Dec 22
2492	Fall-back Plan - Maximise the input and contribution of Partnership Board through increased engagement and consultation.	Chief Executive Officer	Mar 23
2493	Medium - Engagement with other Statutory Transport Bodies (STB's) to identify areas of common interest and opportunities for collaboration.	Chief Executive Officer	Ongoing

#### Mitigation actions for risk:296

ID	Control Level and Action Description	Owner	Due
949	Medium - There is continuous engagement with stakeholders, and partners, to continue to represent 'One Voice' for the North.	Chief Executive Officer	Ongoing

**Mitigation actions for risk:640**

<b>ID</b>	<b>Control Level and Action Description</b>	<b>Owner</b>	<b>Due</b>
1551	Medium - TfN has in place Confidentiality Agreements with Constituent Authorities in relation to Northern Powerhouse 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.	Head of Legal Services	Ongoing
1553	Medium - 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.	Head of Legal Services	Ongoing
1554	Medium - 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 public authority. This will support the reduction of the risk of deliberate or accidental disclosure of information shared on a confidential basis.	Head of Legal Services	Ongoing

**Mitigation actions for risk 880:**

<b>ID</b>	<b>Control Level and Action Description</b>	<b>Owner</b>	<b>Due</b>
2494	High - As part of the second Strategic Transport Plan work, maximise utilisation of existing forums to ensure Partners are actively engaged.	Interim Strategy and Programme Director	Ongoing
2496	Medium - There is continuous engagement with Members and constituent authorities, stakeholders, and partners, to continue to represent the 'One Voice' for the North.	Chief Executive Officer	Ongoing
2635	High - Use established governance, to ensure that TfN activity continues to meet the priorities agreed by TfN Board.	Interim Strategy and Programme Director	Ongoing
2740	NEW: High level of control: Maintain and enhance the recently developed EVCI evidence base, owned by TfN.	Head of Major Roads	Mar 23

2741	NEW: Medium level of control: Support Partners with the application of the EVCI evidence base in promoting provision of EV infrastructure across all areas of the North, developing EVCI infrastructure plans and securing funding.	Head of Major Roads	Ongoing
2742	NEW: Medium level of control: Co-ordinating engagement with DfT, Office for Zero Emissions, Electricity Distribution Network Operators, National Highways and Local Partners via the EVCI steering group.	Head of Major Roads	Mar 23

### Mitigation actions for risk 920:

ID	Control Level and Action Description	Owner	Due
2678	High - Ensure staff have relevant induction, policy reminders through internal communications, annual training of key policies.	Chief Executive Officer	Ongoing
2679	High - Functional areas to monitor and assure teams adherence to internal policies, processes and procedures.	Chief Executive Officer	Ongoing
2680	Medium - Ensure that functional level mitigation actions in relation to this risk have been suitably identified, implemented.	Chief Executive Officer	Nov 22

### Actions for opportunity 913:

ID	Control Level and Action Description	Owner	Due
2642	High - Explore and identify capabilities and collaboration opportunities with partners through Strategic Oversight Group.	Interim Strategy and Programme Director	Ongoing
2643	High - TAME opportunity is outlined in business planning 2022/23, matching available resources to key TfN core priorities, including the introduction of new prioritisation mechanisms where appropriate.	Interim Strategy and Programme Director	Complete
2529	High - Ensure all core and NPR business plan commitments are prioritised before offering TAME services to third parties	Interim Strategy and Programme Director	Ongoing
2644	High - TfN working group in place to define the different area of expertise which TfN can develop as a centre of excellence including opportunities for funding and development of longer-term road map. For example TAME, Decarbonisation, Freight and TRSE.	Interim Strategy and Programme Director	Dec 22

2646	Medium - Develop an Autumn submission to Government that identifies opportunities to build on TfN's technical capabilities.	Interim Strategy and Programme Director	Complete
2743	NEW: High level of control: Maintain and enhance the recently developed EVCI evidence base, owned by TfN.	Head of Major Roads	Mar 23
2744	NEW: Medium level of control: Support Partners with the application of the EVCI evidence base in promoting provision of EV infrastructure across all areas of the North, developing EVCI infrastructure plans and securing funding.	Head of Major Roads	Ongoing

### Actions for opportunity 915:

ID	Control Level and Action Description	Owner	Due
2651	High - Establish a transparent and responsive TAME prioritisation approach to maximise the value we get from the TAME team.	Interim Strategy and Programme Director	Dec 22
2652	Medium - Rollout of policy development framework as part of establishing a single technical programme across TfN to eliminate double handling and need for re-work.	Interim Strategy and Programme Director	Dec 22
2653	Medium - Simpler internal governance arrangements, enabling more efficient use of budgets and allowing TfN to respond more rapidly to emerging opportunities.	Interim Strategy and Programme Director	Dec 22
2654	Medium - Simplifying external reporting, reducing the frequency and complexity of external reporting arrangements.	Interim Strategy and Programme Director	Dec 22
2655	High - Streamlining partner engagement and improving information sharing.	Interim Strategy and Programme Director	Dec 22
2656	Medium - Undertaking a review of how internal meetings are managed and identifying opportunities to reduce length and frequency and improve effectiveness.	Interim Strategy and Programme Director	Dec 22

### TCR03: TfN's Strategic Transport Plan (STP)

ID	Risk Description	Owner	KPIS	Current Score	Target Score	Trend
641	Inconsistency between the second STP's policy positions and delivery of TfN workstreams.	Interim Strategy and Programme Director	2, 5, 14, 15, 16	11	8	↔
881	TfN are unable to produce a draft STP that will be endorsed by TfN Board and government in time for the March 2023 deadline.	Interim Strategy and Programme Director	10, 14, 15	20	15	↔

#### Impacts:

- 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 because of uncoordinated activity weakens TfN's reputation with government, constituent authorities and wider stakeholders.
- TfN's credibility could be negatively impacted.
- TfN do not produce a credible second STP that is endorsed by TfN board and government.
- Significant TfN reputational challenges with TfN board and government, as well as financial and time implications.

#### Mitigation actions for risk 641:

ID	Control Level and Action Description	Owner	Due
1556	High - 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.	Interim Strategy and Programme Director	Ongoing
1557	Medium Level of Control: A Policy Development Framework (previously known as the Internal Assurance Framework) has been developed to identify clear and consistent approaches to policy development across the organisation. How the Policy Development Framework will enable decision makers to decide TfN's priorities for future projects and programmes will be agreed this financial year.	Interim Strategy and Programme Director	Mar 23

1558	High - 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.	Interim Strategy and Programme Director	Complete
1559	High - The new 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 no later than 2024. The TfN Board has agreed a programme for the update of the new STP and governance mechanisms are being established in preparation for work to start this financial year.	Interim Strategy and Programme Director	Ongoing
2745	NEW: Medium - Benefits realisation framework to be agreed with TfN board	Interim Strategy and Programme Director	Dec 22

#### Mitigation actions for risk 881:

ID	Control Level and Action Description	Owner	Due
2498	Medium - Continued direct and early engagement with partners and government departments over TfN's objectives and development of the approach to the Second STP	Interim Strategy and Programme Director	Ongoing
2499	Medium - Developing a clear programme of activity for second STP and managing through SOG exec board and TFN board.	Interim Strategy and Programme Director	Dec 22
2500	High - Work with partners to review and update Northern Power Independent Economic Review.	Interim Strategy and Programme Director	Nov 22
2501	High - Manage interdependencies with Northern Power Independent Economic Review, which will run in parallel with STP2.	Interim Strategy and Programme Director	Dec 22
2636	Fallback plan: Present second STP to July TfN board to allow further engagement with stakeholders	Chief Executive Officer	Jul 23

#### TCR04: Delivery of robust and compelling evidence to support Investment Programmes

ID	Risk Description	Owner	KPI	Current Score	Target Score	Trend
298	There is a risk that TfN might be unable to make a timely, robust, credible, evidence-based case for investment in transport.	Interim Strategy and Programme Director	11	15	11	↔

**Impacts:**

- 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.
- Programme delays could result in extra costs and resources.

**Mitigation actions for risk 298:**

<b>ID</b>	<b>Control Level and Action Description</b>	<b>Owner</b>	<b>Due</b>
953	Medium - 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 from DfT in a professional and timely manner.	Interim Strategy and Programme Director	Ongoing
954	High - Ensure programmes are realistic and achievable and are being re-adjusted if required, without significantly impacting delivery against TfN’s core objectives.	Interim Strategy and Programme Director	Ongoing
955	Medium - 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.	Interim Strategy and Programme Director	Ongoing
957	High - TAME structure reviewed in line with 2022/23 business plan commitments. Work underway on future structure for 2023/24 business plan	Interim Strategy and Programme Director	Mar 23
2502	High - Strengthen TAME governance for more transparent prioritisation of activity. Initial prioritisation undertaken. To be reviewed and communicated regularly to programmes and partners	Interim Strategy and Programme Director	Ongoing
2503	Medium - Build in suitable Project Management controls into the team.	Interim Strategy and Programme Director	Mar 23
2504	Medium - Use evidence to provide recommendations to the Secretary of State for Road Investment Strategy.	Head of Major Roads	Dec 22
2505	Medium - Use evidence to provide recommendations to the Secretary of State for Rail Network Enhancement Pipeline.	Strategic Rail Director	Dec 22

## TCR05: Transport decarbonisation and climate change

ID	Risk Description	Owner	KPI	Current Score	Target Score	Trend
299	Within its Decarbonisation Strategy, TfN and its partners have committed to achieving close to zero emissions for surface transport in the North by 2045. TfN is unable to deliver its contribution to achieving this target.	Interim Strategy and Programme Director	8	11	8	↔

### Impacts:

- TfN fails to deliver on its commitments laid out within the TfN Decarbonisation Strategy.
- Adverse impacts on TfN credibility and influence as a Sub-National Transport Body.
- 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.

### Mitigation actions for risk 299:

ID	Control Level and Action Description	Owner	Due
959	High - 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.	Interim Strategy and Programme Director	Ongoing
2362	Medium - Develop mechanisms to ensure decarbonisation and sustainability are reflected in project and strategy decision-making.	Interim Strategy and Programme Director	Mar 23
2425	Low - Aspiration to undertake an appraisal of the relative carbon benefits associated with the remaining activities defined within the decarbonisation strategy, dependant on funding.	Interim Strategy and Programme Director	Mar 23
2506	Medium - Continue to influence and engage with stakeholders and maintain reputational credibility.	Interim Strategy and Programme Director	Ongoing
2507	Medium - Work underway for TfN to produce a carbon assessment.	Interim Strategy and Programme Director	Dec 22

2508	Medium - Embedding decarbonisation into wider TfN workstreams including freight and social inclusion and testing the interdependencies.	Interim Strategy and Programme Director	Ongoing
2746	NEW: Medium level of control: Support Partners with the application of the EVCI evidence base in promoting provision of EV infrastructure across all areas of the North, developing EVCI infrastructure plans and securing funding.	Head of Major Roads	Ongoing

### TCR07: TfN compliance and relevant laws and regulations

ID	Risk Description	Owner	KPI	Current Score	Target Score	Trend
303	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 exceeds its powers.	Head of Legal Services	All	11	11	↔

#### Impacts:

- 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.

#### Mitigation actions for risk 303:

ID	Control Level and Action Description	Owner	Due
970	High - TfN has suitably qualified officers in all senior positions, particularly the HoPS, S151 Officer and Monitoring Officer. In addition, TfN has employed an in-house legal team. Since the recent restructure and reduction in posts, the size and capacity of the in-house team needs to be kept under review.	Head of Legal Services	Ongoing
971	High - TfN ensures there are clear and well documented processes and procedures in place.	Head of Legal Services	Ongoing
972	High - Ongoing training on laws and legislations and communication across the organisation.	Head of Legal Services	Ongoing

973	High - Procedures are in place through Modern.Gov to ensure that there is continuous legal review to TfN's Boards and Committees. Modern.gov champions now in place and have received initial training to help to widen corporate knowledge of modern.gov to support governance and resilience.	Head of Legal Services	Ongoing
974	High - TfN employs in house legal and procurement specialists and where necessary seeks external legal advice on commissioning and procurement.	Head of Legal Services	Ongoing
1569	High - A new process, Modern.Gov has been implemented to streamline report approvals and support efficient decision-making. Modern.gov champions have been identified and have received initial training to widen corporate understanding of the system and help support governance and resilience. Further training is planned to be rolled out in August/September 2022.	Head of Legal Services	Ongoing
1570	High - TfN will seek external legal advice on legal issues as identified by the legal in-house team.	Head of Legal Services	Ongoing
1571	High - TfN has employer's liability, public liability, and professional indemnity insurance in place to mitigate any financial liability.	Head of Legal Services	Ongoing
2310	Medium - Audit and Governance Committee has core functions supporting compliance with laws regulations and best practice, including monitoring governance risks and control.	Head of Legal Services	Ongoing

**TCR09: Rail operations – franchise management and investment**

ID	Risk Description	Owner	KPI	Current Score	Target Score	Trend
309	The long-term effect of Covid-19 may impact on the viability of train services and future investment decisions. The pandemic has changed travel patterns and behaviours and therefore service and investment decisions will need to reflect new markets and emerging evidence of demand.	Strategic Rail Director	17, 18	17	17	↔
310	There is a risk that TfN could have a reduced role in the rail industry following the implementation of the Williams-Shapps review.	Strategic Rail Director	9	19	17	↔
311	Future timetable changes in Manchester and potential East Coast Main Line in May 2023 that reduces rail connectivity for the North.	Strategic Rail Director	17, 18	18	18	↔

**Impacts:**

- Low passenger numbers post-Covid and the result of industrial relations issues could reduce the viability of some existing services.
- Less investment in services and infrastructure because 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 Railways, 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 and on local connectivity, thereby reducing choice for passengers.
- 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.

**Mitigation actions for risk 309:**

<b>ID</b>	<b>Control Level and Action Description</b>	<b>Owner</b>	<b>Due</b>
980	Low - To continue to use TfN's influence in the monthly Rail North Partnership Board, Rail North Committee to shape the re-introduction of services, and infrastructure developments and re-build passenger confidence.	Strategic Rail Director	Ongoing
981	Medium - To continue with the close working relationship and communication with TfN member authorities on deliverables and risks - feeding back information through TfN governance structures.	Strategic Rail Director	Ongoing
1578	Medium - To continue to track train service performance and delivery via regular reporting dashboards.	Strategic Rail Director	Ongoing
1579	Medium - 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.	Strategic Rail Director	Ongoing

**Mitigation actions for risk 310:**

<b>ID</b>	<b>Control Level and Action Description</b>	<b>Owner</b>	<b>Due</b>
1638	High - TfN is working with the GBR transition team to work on a more detailed proposal as to how the white paper might be delivered in the North.	Strategic Rail Director	Mar 23
983	High - TfN has established a rail-reform programme board from April 22 chaired by TfN's CEO. The programme board provides a programme of work to develop the partnership between TfN and GBR, defining TfN's future role on rail and its interface with the WISP (whole industry strategic plan).	Strategic Rail Director	Mar 23
2637	Fall-back Plan - Use rail-reform programme to strengthen TfN's relationships and position with GBRTT	Strategic Rail Director	Mar 23

**Mitigation actions for risk 311:**

ID	Control Level and Action Description	Owner	Due
1581	Medium - TfN, working with Partners, has outlined to Operators and the Department the key concerns of the regions. TfN appointed a consultant who completed work to explore how regional services that would be lost can be restored on ECML. To support this TAME has produced economic impacts of the timetable change on the ECML.	Strategic Rail Director	Ongoing
985	High - A collaboration between DfT and TfN to develop a blueprint of infrastructure and services to support further capacity on the ECML will be established. Likewise, regarding Manchester, collaborative work continues with DfT to underpin a blueprint linking infrastructure to future service development.	Strategic Rail Director	Ongoing
2638	Medium - Contribute and influence the work of the Leeds area study as part of the implementation of the IRP and linked to ECML future timetable.	Strategic Rail Director	Ongoing

**TCR10: TfN cyber security**

ID	Risk Description	Owner	KPI	Current Score	Target Score	Trend
876	Cyber disruption/attacks to the available information and technical infrastructure. Inappropriate user access to confidential information. Access may be limited for an unknown period of time.	IT and Information Manager	All	10	10	↔
887	Data is removed purposefully from the TfN's systems.	IT and Information Manager	All	10	8	↔

**Impacts:**

- Site outages, loss of resource time, which could impact on programme timescales, impact on cost for restoration of resources and information.
- Ransomware, compromise of information, potential legal implications due leakage of data/GDPR fines which leads to reputational challenges.
- Damage to TfN's reputation and credibility.
- TfN's relations with the DfT, partners and members could potentially be adversely affected.
- There could be a loss of resource time, delays to programmes and costs incurred to restore or replace data.

**Mitigation actions for risk 876:**

<b>ID</b>	<b>Control Level and Action Description</b>	<b>Owner</b>	<b>Due</b>
2472	Medium - IT and Data Policies to be produced, reviewed, and updated in line with known cyber threats.	IT and Information Manager	Ongoing
2473	Medium - Training to all TfN staff on new policies.	IT and Information Manager	Ongoing
2474	Medium - Communications Plan in place for regular updates to employees when required.	IT and Information Manager	Ongoing
2475	Medium - Monitoring and compliance checks performed (e.g. phishing attacks).	IT and Information Manager	Ongoing
2476	Medium - On-going/monitoring security updates performed to user devices and software services.	IT and Information Manager	Ongoing
2477	Medium - Business Continuity Plan checks, system reviews and restoration timescales regularly assessed.	IT and Information Manager	Ongoing
2478	Medium - Insurance cover in place for ransoms where required.	IT and Information Manager	Ongoing

**Mitigation actions for risk 887:**

<b>ID</b>	<b>Control Level and Action Description</b>	<b>Owner</b>	<b>Due</b>
2530	Medium - IT to monitor any changes in patterns with data management, especially mass deletions.	IT and Information Manager	Ongoing
2531	Medium - IT to continue to restrict personal email address for use on SharePoint to limit data transfer risk.	IT and Information Manager	Ongoing
2532	Medium - IT and Data Policies in place, reviewed and updated regularly.	IT and Information Manager	Ongoing

## TCR11: Co-sponsorship

ID	Risk Description	Owner	KPI	Current Score	Target Score	Trend
877	Change to the agreed Terms of Reference for the NPR Sponsor Board and associated delivery arrangements. This also covers the effectiveness of co-sponsorship arrangements.	Chief Executive Officer	4, 6	14	10	↔
647	The publication of the IRP has set out the Government's proposals in respect of NPR, TRU and HS2: it also sets out the need for further work to be undertaken. There is a risk that individual programmes are not aligned and expected benefits not realised.	Strategic Rail Director	1, 4	18	15	↔

### Impacts:

- Reduction in engagement with TfN members could impact on the speed of delivering agreed investment priorities and result in missed opportunities to maximise wider benefits of agreed investment.
- A less effective sponsorship arrangement could result in missed opportunities to align investment in IRP with other delivery opportunities across the industry, which could impact on TfN's credibility and reputation with our partners and the public.
- 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.

### Mitigation actions for risk 877:

ID	Control Level and Action Description	Owner	Due
2480	High - Agree governance for future decision making.	Chief Executive Officer	Complete
2481	Medium - Agree with DfT regular engagement forums to ensure alignment with programme/ escalation of key issues.	Strategic Rail Director	Dec 22
2482	Medium - Design TfN sponsorship function and agree through business planning.	Chief Executive Officer	Complete
2640	Medium - NPR sponsorship agreement to be agreed between DfT ministers and TfN board	Chief Executive Officer	Dec 22
2686	High Level of Control: Ensure stakeholder engagement strategy for NPR in place	Strategic Rail Director	Dec 22

**Mitigation actions for risk 647:**

ID	Control Level and Action Description	Owner	Due
2510	Medium - Define TfN's future role on programme boards through the design of the NPR sponsor function.	Strategic Rail Director	Dec 22
2511	Medium - TfN continue to chair the new TRU stakeholder forum that will directly influence the TRU programme board.	Strategic Rail Director	Ongoing
2547	Medium - TfN using its role on the North of England integration board to ensure alignment of benefits.	Strategic Rail Director	Ongoing
2639	Medium - Use NPR Sponsor Board as a mechanism for working with DfT to address programme alignment issues.	Chief Executive Officer	Ongoing

**TCR12: Technical appraisal, modelling and economics**

ID	Risk Description	Owner	KPI	Current Score	Target Score	Trend
882	Providing a direct service to DfT limits TAME's services in delivering TfN 's objectives.	Interim Strategy and Programme Director	11, 12, 13, 14, 19	14	10	↔
884	Legal and commercial restrictions. TfN is not legally allowed to share its models or data with Partners.	Interim Strategy and Programme Director	All	20	15	↔

**Impacts:**

- TAME and TfN could be perceived to be prioritising NPR work above other TfN priorities or undertaking analysis of options that conflicts with requirements of Sponsor Board.
- Analysis undertaken for DfT is mis-represented as "TfN evidence".
- TfN is unable to complete the evidence base for its statutory role.
- TfN has a responsibility to share data with Partners as it develops its role as an industry leader and Centre of Excellence, so the inability to do so would cause reputational damage and loss of credibility.
- Restrictions in sharing data or models could cause delays to individual projects, which could result in additional costs and limit TfN's ability to expand the scope of its analytical services.

**Mitigation actions for risk 882:**

ID	Control Level and Action Description	Owner	Due
2515	High - Strengthen internal TfN TAME governance to enable more transparent prioritisation of activity. Initial prioritisation undertaken. To be reviewed and communicated regularly to programmes and partners.	Interim Strategy and Programme Director	Ongoing
2666	High - TAME structure reviewed in line with 2022/23 business plan commitments. Work underway on future structure for 2023/24 business plan.	Interim Strategy and Programme Director	Mar 23

**Mitigation actions for risk 884:**

ID	Control Level and Action Description	Owner	Due
2521	Medium - Introducing consideration of data licencing at the start of projects, including early engagement with the legal team.	Interim Strategy and Programme Director	Mar 23
2522	Medium - Present a proposal for TfN's licensing strategy to OBT, including data sharing protocols and clarity on commercial arrangements.	Interim Strategy and Programme Director	Dec 22
2526	High - Contact all data input suppliers to obtain licences that allow TfN to share data.	Interim Strategy and Programme Director	Dec 22
2641	Fall-back Plan - Agree action plan with legal team to overcome challenges and escalate where necessary with internal/external stakeholders	Interim Strategy and Programme Director	Mar 23

**TCR13: TfN funding**

ID	Risk Description	Risk Owner	KPI	Current Score	Target Score	Trend
300	There is a risk that TfN fails to deliver Value for Money in all areas within the funding allocation.	Finance Director	All	17	13	↔
878	Funding levels are significantly reduced which creates a misalignment with TfN's medium to long term business planning.	Chief Executive Officer	All	17	17	↔
916	Funding allocations for 2023/24 might be a flat rate, which doesn't account for inflation, therefore presenting medium term/ 3 years sustainability challenges.	Chief Executive Officer	All	20	18	↔

**Impacts:**

- Failure to achieve Value for Money could impact on TfN's ability to access funding in the future.
- TfN unable to deliver statutory duties responsibilities.
- TfN's ability to retain/recruit suitably qualified staff.
- Reduction of funding and potential redundancies could damage organisational culture and lead to, unhealthy work/life balances/staff wellbeing.
- Lack of direction for the organisation could result in lower staff morale and potential resignations.
- TfN reputational damage and loss of credibility.
- TfN's relationship with the DfT, partners and members could potentially be adversely affected.

**Mitigation actions for risk 300:**

<b>ID</b>	<b>Control Level and Action Description</b>	<b>Owner</b>	<b>Due</b>
962	High - Clear and well documented processes and procedures are in place. External audit review and report on value for money on an annual basis.	Finance Director	Ongoing
963	High - Commissioning processes include OBT sign-off of expenditure, and explicit approval for expenditure against a schedule of delegations.	Finance Director	Ongoing
1564	High - 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 apprised and address any questions or concerns in a timely fashion.	Finance Director	Ongoing

**Mitigation actions for risks 878 & 916:**

<b>ID</b>	<b>Control Level and Action Description</b>	<b>Owner</b>	<b>Due</b>
2483	High - Engagement with stakeholders to ensure the case for TfN's funding is supported by all Board members (Political and Business leaders), and amongst the North's MPs.	Chief Executive Officer	Dec 22
2484	Medium - There is structured engagement with government officials and decision-makers.	Chief Executive Officer	Dec 22
2485	Medium - TfN and DfT collaborative working to develop a revised version of Memorandum of Understanding.	Chief Executive Officer	Dec 22

2486	Medium - TfN to demonstrate that it delivers value for money, maximises the efficiency of taxpayer money and provide additional value and benefit for Partners in the North of England through a prioritised and sustainable business plan.	Chief Executive Officer	Dec 22
2667	Medium - TfN to explore wider funding opportunities through development of Centre of Excellence proposition.	Interim Strategy and Programme Director	Dec 22
2668	Medium – Early and continuous engagement with DfT in relation to 2023/24 business planning.	Chief Executive Officer	Dec 22
2669	Fallback Plan - Conclude budget and business planning for 2023/24 based on funding allocation.	Chief Executive Officer	Mar 23

#### TCR14: TfN resources

ID	Risk Description	Owner	KPI	Current Score	Target Score	Trend
643	TfN's is unable to recruit and retain suitable staff to deliver the 2022/23 business plan and medium to long term TfN objectives.	Head of Human Resources	3	19	17	↑
917	Failure to comply with the redundancy process including consultations, administration, pension and payroll.	Head of Human Resources	3	8	4	↔
918	Loss of knowledge at TfN as it goes through a downsize.	Head of Human Resources	All	17	13	↔

#### Impacts:

- Failure to recruit and retain the people with the right skills could negatively impact on TfN's ability to deliver its objectives and priorities.
- Damage to the organisational culture, staff morale and confidence.
- TfN reputational damage/external relationships and loss of credibility could be adversely affected.
- Potential successful legal challenges and fees.
- Programme delays due to loss of expertise and re-work required.
- Lessons learnt for the organisation and continuous improvement could be adversely affected.

**Mitigation actions for risk 643:**

<b>ID</b>	<b>Control Level and Action Description</b>	<b>Owner</b>	<b>Due</b>
1566	High - Update People Strategy (People Management Framework) aligned to the outcomes of the ongoing change agenda and timescales. This may include, reward, workforce/skills planning, succession planning, recruitment and selection, talent and performance management.	Head of Human Resources	Ongoing
1568	Medium - To continue to brief and update staff through the monthly updates, regular bulletins, Team talks, intranet, employee forum and SMT meetings.	Head of Human Resources	Ongoing
2487	High – Work with the Business Planning working group to redesign and downsize the organisation in line with the budget and business planning 2022/23.	Chief Executive Officer	Complete
2488	Medium - Work with the HR and Skills Team to provide development and training opportunities within TfN e.g. non-technical skills in the TAME team.	Interim Strategy and Programme Director	Mar 23
2537	High - Full and proper consultation with UNISON - to continue regular formal meetings.	Head of Human Resources	Ongoing

**Mitigation actions for risk 917:**

<b>ID</b>	<b>Control Level and Action Description</b>	<b>Owner</b>	<b>Due</b>
2657	High - Defined process for TfN redundancies and reviewed for updates as required.	Head of Human Resources	Ongoing
2658	Medium - Ensure a suitable payroll process is followed for severance pay-outs and pension administration (including payroll audit).	Head of Human Resources	Dec 22
2659	Medium - Full and proper consultation with the Unions.	Head of Human Resources	Ongoing
2660	High - Consult with legal team for advice and guidance if and when required.	Head of Human Resources	Ongoing
2661	Medium - Internal audit of the severance process in line with best practise and TfN policies.	Head of Human Resources	Dec 22
2662	High - Lessons learnt workshop, post reorganisation, to identify any process or policy improvements/change.	Head of Human Resources	Dec 22

**Mitigation actions for risk 918:**

<b>ID</b>	<b>Control Level and Action Description</b>	<b>Owner</b>	<b>Due</b>
2663	High - All leavers (internal or consultants) to produce clear handover documentation and discuss outstanding work with managers through regular catch ups.	Head of Human Resources	Ongoing
2664	Medium - Ensure a suitable succession plan is in place (identifying successors for key posts where possible) and identify development and training opportunities.	Head of Human Resources	Ongoing



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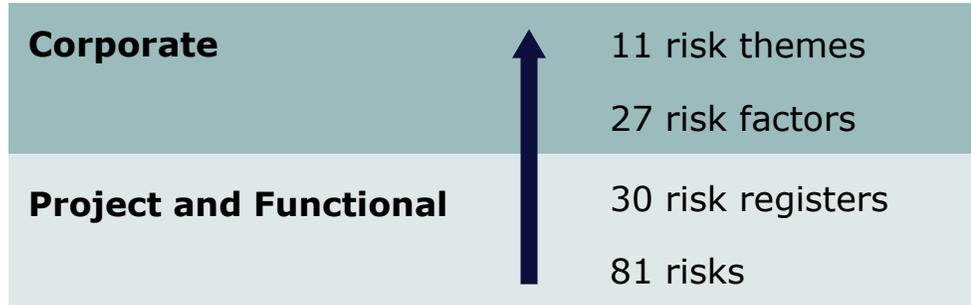
info@transportforthenorth.com



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# TfN Risk Management Structure

The corporate risk register includes risks that could impact TfN’s strategic objectives and/or risks that sit across multiple risk registers.



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Electric Vehicle Charging Infrastructure is managed at project level and has a risk register that is reviewed monthly. There are currently two corporate risks which EVCI links into - TCR02 880 and TCR08 299 as well one opportunity - TCR02 913. Mitigation actions have been added to make this more explicit and align with the 2022/23 business plan.

TCR02 880: TfN are unable to provide the 'One Voice' for the North in relation to strategic transport investment priorities, and policy positions.

TCR08 299: Within its Decarbonisation Strategy, TfN and its partners have committed to achieving close to zero emissions for surface transport in the North by 2045. TfN is unable to deliver its contribution to achieving this target.

TCR02 913: TfN can provide more services and guidance to support national, regional and local partners, as a Centre of Excellence.

# EVCI Deep Dive

18 November 2022

Risk Manager: Daniella Della-Cerra-Smith

Project Manager: Simon McGlone

The Audit and Governance Committee are encouraged to review the following risks prior to the meeting to allow for feedback during the corporate risk review/deep dive.

## Purpose of Deep Dives:

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- Allow the Audit and Governance Committee to undertake a comprehensive review of selected risks.
- Provide the opportunity to check and challenge selected risks in more detail to ensure completeness, integrity and accuracy of data.
- Demonstrate that the Audit and Governance Committee provide due diligence in the assurance of risk management.
- Recommend areas for consideration, if required.

## Sample Deep Dive Questions:

1. Are the risk description, cause and impacts articulated clearly?
2. Is the risk scored against TfN's Risk Management Criteria?
3. Are there controls, actions and fallbacks in place?
4. Are the controls, actions and fallbacks effective enough to achieve the target score?
5. Any additional comments/ areas for consideration?

## 5 x 5 Threat Impact Scoring Criteria

Likelihood Criteria	Very Low	Low	Medium	High	Very High
	≤5%	6-25%	26-50%	51-74%	>75%
Impact Criteria	Very Low	Low	Medium	High	Very High
<b>Cost (Tier 1 - £0-£2m Budget)</b>	£0 - £10k	£10k - £20k	£20k - £50k	£50k - £80k	£80k - £100k
<b>Reputation</b>	Minimal negative local media coverage quickly remedied /loss of trust and credibility	Minor negative local media coverage quickly remedied /loss of trust and credibility	Moderate negative regional media coverage/loss of trust and credibility	National short – term negative media coverage/considerable loss of trust and credibility	National long – term negative media coverage, significant loss of trust and credibility
<b>External Relationship</b>	Minimal strained relationship with partners/third parties	Minor strained relationship with partners/third parties	Moderate strained relationship with partners/third parties	Evidence of relationship issues with partners/third parties	Severe relationship issues with partners/third parties
<b>Quality</b>	Work is fit for purpose but may require minimal changes	Work is fit for purpose but may require minor changes	Moderate changes or specialist resource required to provide high quality outputs	Scope changes required to provide high quality outputs	Project outputs are not credible/robust, with no assurance and partners do not endorse reports
<b>Time</b>	0 – 1 month	1 – 3 months	3 – 9 months	9 – 12 months	12 – 18 months

## 5 x 5 Opportunity Scoring Criteria

Likelihood Criteria	Very Low	Low	Medium	High	Very High
	≤5%	6-25%	26-50%	51-74%	>75%
Impact Criteria	Very Low	Low	Medium	High	Very High
<b>Cost (Tier 1 - £0-£2m Budget)</b>	£0 - -£10k	-£10k - -£20k	-£20k - -£50k	-£50k - -£80k	-£80k - -£100k
<b>Reputation</b>	Minimal positive local media coverage/ increase of trust and credibility	Minor positive local media coverage/increase of trust and credibility	Moderate positive regional media coverage/increase of trust and credibility	National short – term positive media coverage/considerable increase of trust and credibility	National long – term positive media coverage, significant increase of trust and credibility.
<b>External Relationship</b>	Minimal increase in TfN's relationships with partners/third parties	Minor increase in TfN's relationships with partners/third parties	Moderate increase in TfN's relationships with partners/third parties	There is considerable evidence that TfN's relationships with partners/third parties is increasing	Relationships with partners/third parties significantly increased, benefitting TfN's credibility
<b>Quality</b>	Work is high quality with minimal changes	Work is high quality with minor changes	Moderate changes and no additional specialist resource to provide very high-quality outputs	Scope changes not required to exceed high quality outputs	Exceeds credible/robust project output expectations, with assurance & partners endorse reports
<b>Time</b>	0 – -1 month	-1 – -3 months	-3 – -9 months	-9 – -12 months	-12 – -18 months

# TfN resource capacity

Description						Actions				Owner	Due Date						
TfN resource may not be available or applied to deliver immediate work programme for business planning 22/23.						<ol style="list-style-type: none"> <li>MRT and TAME resource tracked during EV project [Control]</li> <li>Regular checks with supplier to ensure any risks arising from TfN resources are noted early [Control]</li> <li>Identify requirements for project-support [Mitigation]</li> <li>Agree a timetable for contract change control with the procurement team [Mitigation]</li> <li>Prioritise work based on resources available to prevent too much pressure on staff and focus delivery through the supplier [Fallback]</li> <li>Identify deputy role for TAME resources to add resilience to project resourcing [Mitigation]</li> <li>Create a resource profile for the project up to end of financial year, which is tracked on a regular basis. [Mitigation]</li> <li>Provide requirements for project support for business planning 23-24 [Mitigation]</li> <li>Awaiting OBT confirmation of TAME resources up to end of March 23. [Mitigation]</li> <li>Plan key TAME inputs which align with other interdependent projects were possible. [Mitigation]</li> </ol>				<ol style="list-style-type: none"> <li>SMG</li> </ol>	<ol style="list-style-type: none"> <li>Ongoing</li> <li>Ongoing</li> <li>30 Nov</li> <li>30 Nov</li> <li>30 Nov</li> <li>Ongoing</li> <li>Ongoing</li> <li>30 Nov</li> <li>30 Nov</li> <li>30 Nov</li> </ol>						
Cause																	
Limited resources and/or suitable experience in the area because of changes in resource allocation or inability to replace employees, with specialised skills, who have left TfN.																	
Impact																	
<ul style="list-style-type: none"> <li>Insufficient resources to deliver intended phase 3 outcomes to expected quality and time.</li> <li>De-scoping of outputs and opportunities missed to apply evidence to external partnerships to inform and influence.</li> <li>Supplier delivery is heavily managed and supported by input from TfN (MRG strategy and TAME), so without this, the project timescales are affected.</li> <li>Stakeholder / partnerships not developed sufficiently for work to land with positive outcome for TfN reputationally.</li> <li>Wellbeing of staff could be adversely affected due to resource constraints</li> <li>Could negatively impact TfN's ability to secure future funding for further development.</li> <li>Relationships with DfT damaged if TfN are unable to meet deliverables required with additional funding.</li> </ul>																	
												<b>Current Score</b>	<b>Target Score</b>				
												20	11				
Current Assessment												Target Assessment					
Probability Rating	External Relationship	Reputation	Financial Rating	Quality	Time Rating							Probability Rating	External Relationship	Reputation	Financial Rating	Quality	Time Rating
Very high	High	High		Medium	Medium	Low	High	High		Medium	Medium						

# Stakeholder expectations and interaction

Description						Actions						Owner		Due Date	
Stakeholders may not be clear on the outputs of project or how they can be applied.						<ol style="list-style-type: none"> <li>Engagements with stakeholders such as DfT, OZEV and the Northern electricity DNOs to ensure this work can support the national agenda and actions [Control]</li> <li>The team are seeking new avenues to promote the work, including National Grid, OFGEM, Energy Saving Trust (a delivery body for Government regarding EVs), Green Finance Institute and the Infrastructure Bank. The team will also make the most of opportunities for good press/ advertising outcomes of work. [Control]</li> <li>Significant partner engagement to encourage and suggest uses of project outputs. This will be achieved through the steering group, one-to-one discussions, and the governance structure eg AAG/SOG etc [Control]</li> <li>Working with Partners to finalise the scope for Phase 3 work. [Mitigation]</li> <li>Confirm whether or not DfT need to approve the requirements for Phase 3 before it can be commissioned [Mitigation]</li> <li>Work with legal/TAME to ensure Phase 3 outputs can be shared</li> <li>Maintain and enhance the recently developed EVCI evidence base, owned by TfN [Mitigation]</li> <li>Work with DfT / OZEV to identify options for role out of TfN EV tool at a national level (i.e. via other STBs) [Mitigation]</li> </ol>						1. SMG		1. Ongoing	
<b>Cause</b>												2. SMG		2. Ongoing	
Stakeholders are not fully aware of the EVCI evidence available and the capabilities of TfN Analytical Framework. Stakeholders uncertain of technical aspects, such as data inputs and assumptions. Stakeholders not having sufficient time to review and support for delivery of effective outputs due to other priorities.												3. SMG		3. Ongoing	
<b>Impact</b>						<ol style="list-style-type: none"> <li>4. SMG</li> <li>4. 31 Nov</li> <li>5. SMG</li> <li>5. 31 Nov</li> <li>6. SMG</li> <li>6. Mar 23</li> <li>7. SMG</li> <li>7. Mar 23</li> <li>8. SMG</li> <li>8. Ongoing</li> </ol>									
<ul style="list-style-type: none"> <li>Project outputs are not applied as fully as possible.</li> <li>Poor partner relations or partnership enhancement opportunities not taken up fully.</li> <li>Project inputs by partners do not deliver effective collaborations moving forward.</li> <li>Reputational risk of TfN that partner time has not been used efficiently.</li> </ul>															
												<b>Current Score</b>		<b>Target Score</b>	
												7		6	
Current Assessment						Target Assessment									
Probability Rating	External Relationship	Reputation	Financial Rating	Quality	Time Rating	Probability Rating	External Relationship	Reputation	Financial Rating	Quality	Time Rating				
Medium	Low	Low		Low	Very Low	Low	Low	Low		Low	Low				

# Showcasing TfN and Analytical Framework capabilities

Description						Actions						Owner		Due Date	
This project provides the opportunity for TfN to apply and showcase its Analytical Framework capabilities, to further develop new and innovative pan-northern evidence, support local partner activities and support strategic decision making. This builds upon the highly regarded EVCI tool already shared with our partners.						1. Discuss opportunities at the MRT/ Communication and Engagement team fortnightly meetings. [Control] 2. Present outputs to the EV Steering Group [Mitigation] 3. Develop phase 3 scope to include opportunities to demonstrate AF capabilities [Mitigation] 4. Update stakeholder engagement plan, including opportunities to promote the work with new and existing stakeholders. [Mitigation] 5. Capture EVCI work as proof of concept for CoE [Mitigation] 6. Work with DfT / OZEV to identify options for role out of TfN EV tool at a national level (i.e. via other STBs) [Mitigation] 7. Maintain and enhance the recently developed EVCI evidence base, owned by TfN [Mitigation]						1. SMG 2. SMG 3. SMG 4. SMG 5. KK 6. SMG 7. SMG		1. Ongoing 2. Ongoing 3. 30 Nov 4. 31 Dec 5. 30 Nov 6. Mar 23 7. Mar 23	
<b>Impact</b> <ul style="list-style-type: none"> <li>Positive impact for TfN partner relationships.</li> <li>TfN work on EVCI is informing and influencing local and national decision making on EVCI planning and deployment as a Centre of Excellence.</li> <li>Early positive action on one of the decarbonisation strategy priority actions.</li> </ul>												<b>Current Score</b>		<b>Target Score</b>	
												-18		-20	
Current Assessment						Target Assessment									
Probability Rating	External Relationship	Reputation	Financial Rating	Quality	Time Rating	Probability Rating	External Relationship	Reputation	Financial Rating	Quality	Time Rating				
High	High	High				Very High	High	High							

# Further support for EVCI delivery

Description						Actions						Owner		Due Date	
TfN are unable to further enhance the EVCI evidence base, and apply this, to support planning and delivery of EV charging.						<ol style="list-style-type: none"> <li>Engaging with DfT to ensure active use EVCI Framework and ensure more avenues for future work[Control]</li> <li>Agree future activities with TfN partners to ensure any actions add value to local or national actions towards EV or related topics. [Mitigation]</li> <li>Submit proposal for next stage of EVCI work in the 2023/24 business case [Mitigation]</li> <li>Include EVCI in proposals for future DfT funding such as Centre of Excellence [Mitigation]</li> </ol>						1. SMG		1. Ongoing	
Further work highlighted in EVCI Framework report not actioned upon.												2. SMG		2. Mar 23	
Further work highlighted in EVCI Framework report not actioned upon.												3. SMG		3. 30 Nov	
Further work highlighted in EVCI Framework report not actioned upon.												4. SMG		4. Ongoing	
Cause												Current Score		Target Score	
Further work highlighted in EVCI Framework report not actioned upon.												10		8	
Impact															
<p>Credibility of TfN damaged if we cannot demonstrate that we are able to meet DfT deadlines and budget</p> <ul style="list-style-type: none"> <li>Reputational damage if TfN 'fall behind' the current industry leading work on EVCI evidence</li> <li>Relationship damage with Partners who are relying on TfN for the evidence to support their EVCI business cases</li> </ul>															
Current Assessment						Target Assessment									
Probability Rating	External Relationship	Reputation	Financial Rating	Quality	Time Rating	Probability Rating	External Relationship	Reputation	Financial Rating	Quality	Time Rating				
Medium	Low	Low		Medium		Low	Low	Low		Medium					

# Readiness of suitable tools

Description						Actions						Owner		Due Date	
The models and interactive tools for the EVCI project are unable to function and provide the outputs required.						1. Raise need for technical resource in this role to support future iterations. [Mitigation] 2. Highlight need for technical resources in 2023/24 business planning. [Mitigation]						1. SMG		1. 31 Nov	
Cause												2. SMG		2. 31 Nov	
Suitable technical resources unavailable to enhance the current EVCI model or fix any model issues in a timely manner.															
Impact												Current Score		Target Score	
• Delays to important updates of our EVCI visualiser tool, which is publicly live. • Impacts quality of outputs that LA partners are using, and also wider stakeholder confidence in our outputs if we cannot present and share them. • Longer term, depending on TfN capacity and capability, we may need to restructure the tool if TfN take a different route towards these applications. • Potential impact on future project quality, time and cost.												14		10	
Current						Target									
Probability Rating	External Relationship	Reputation	Financial Rating	Quality	Time Rating	Probability Rating	External Relationship	Reputation	Financial Rating	Quality	Time Rating				
High	Medium	Medium	Very Low	Medium	Very Low	Medium	Medium	Medium	Very Low	Medium	Very Low				

# Transport for the North

## EV Charging Infrastructure Framework

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The North's major road network plays a vital role in underpinning economic activity, opening up access to jobs, goods and services and in enabling growth in new employment and housing, but the largest contributor to transport carbon emissions.

 65% of car trips in the North are 10km or less (short journeys for everyday activities).

**97%**  
of all personal journeys and 88% of freight movements in the North made using our highways

**75%**  
of car emissions in the North are from journeys 10km - 50km+ long

**70%**  
of road distance travelled in the North occurs on our major roads.

 Significant potential to switch a proportion of these to less polluting travel modes such as walking, cycling or shared transport.

**23%**  
of vehicle kms in the UK (cars, vans and HGVs)

**2030**  
40% of vehicle fleet estimated to be EVs in 2030

**6%**  
of total UK emissions; 23% of UK roads emissions

**50%**  
of emissions generated by cars; 28% by HGV's; 11% from LGVs.

**2025**  
20% of vehicle fleet estimated to be EV's in 2025

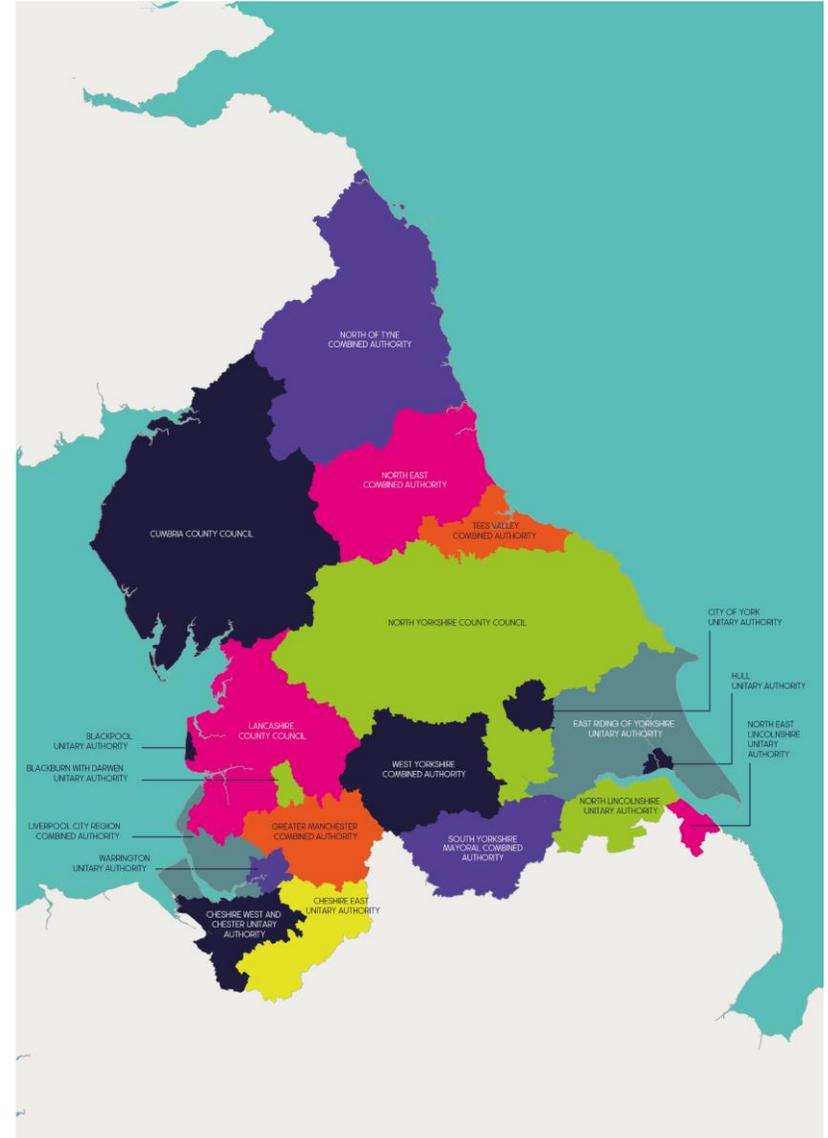
**2022**  
2.7% of vehicle fleet are EV's in 2022.

# Regional EV Steering Group – “Whole network; Whole System”

Collaborative partnership which consolidate multi-agency approaches and actions to deliver mutual goals.

- Transport for the North
- TfNs member organisations (Northern Local Transport Authorities or LEP representatives).
- National Highways
- Network Rail
- Department for Transport / OZEV
- Scottish Power Energy Networks
- Electricity North West
- Northern Powergrid
- National Grid UK Electricity Transmission
- Ofgem
- Energy Saving Trust

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# Objectives of our EV Charging Infrastructure Framework

- Improve outcomes for Electric Vehicles based on robust and data driven evidence of requirements - *'the right infrastructure in the right place, at the right time'*
- Provide a collective routemap towards an effective, attractive and inclusive network - *'Supporting action across the region at scale and pace'*.
- Support delivery of an integrated EV network through public and private partnerships – *'Capacity & Capability'*; *'Driving economies of scale'*.
- Future-proof EV infrastructure decision making - *'Ensuring resilience and grasping opportunity'*.

## Challenges faced by Local authorities and where TfN's EVCI framework adds value (as published in Autumn 2022)

Example challenges include:

- Gaps in evidence for requirements; limited capacity to plan and manage charge point roll out.
- Public sector also unable to negotiate from a position of strength to deliver best overall outcomes.
- Inefficiencies of competitive bidding and need for sustained public / private investment.
- Diverging EV strategies risk perpetuating uncertainty in the market and makes it hard to create the environment for private investment (i.e. scale investment opportunities to be of sufficient size for investors).
- Procurement processes are sometimes unable to adapt to better reflect the needs of these types of projects (e.g. long term contracts which can attract the right level of investment, or, contracts/procurement that can support collaborative commercial models).
- Risk of duplicating efforts and expense, when we could be exploiting existing knowledge and economies of scale with their neighbouring authorities.
- Risk that national policy does not wholly support policies and plans at a local level, i.e. place making solutions focused on reduction of car use.
- The need to accelerate delivery, and boost capacity and capability across the region.

# National EV Strategy – Publication of our EVCI framework has shaped the role of STBs within the National EV Strategy

- “Produce scenarios for potential demand for EV infrastructure in the region. These may either build on demand assessments from individual local authorities or provide the basis for more tailored demand scenarios for specific local authorities.
- Identify clusters of demand in the region, including bringing together data on current demand and potential future demand from fleets operating in the region (where possible, this should include demand from buses and other heavy vehicles, as well as cars and vans). This should identify charging demand in areas without off-street parking, and at sites such as depots where many vehicles may be charging overnight. This will help electricity network operators to plan their networks to meet this expected demand.
- Identify different levels of engagement and progress within local authorities in the region and locations where additional support is needed to enable planning of local chargepoints.
- Highlight examples of best practices between local authorities and foster partnerships between authorities to ensure charging infrastructure is delivered in an efficient and cohesive manner. Successful charging infrastructure deployment will need committed engagement from across sectors.”

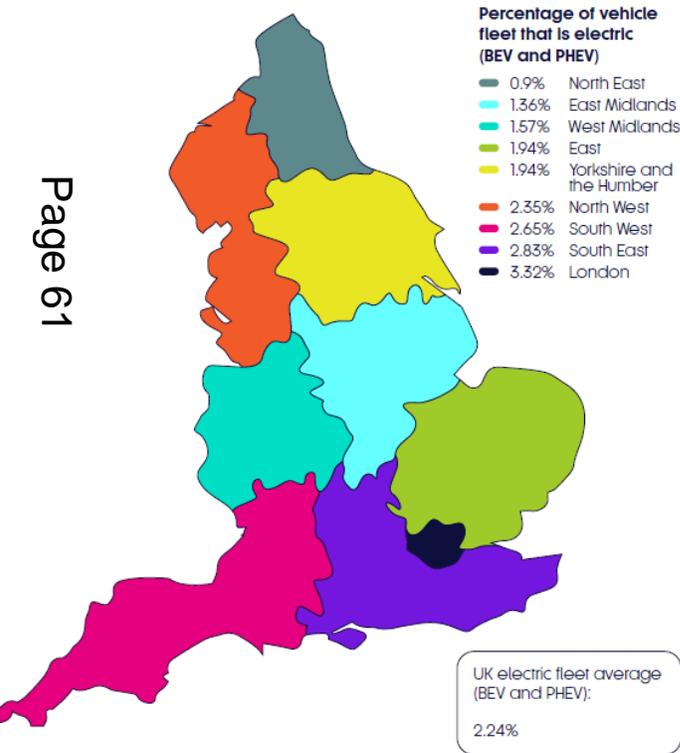
# EV uptake and charging in the North of England

Proportion of registered vehicles which are EV in England (August 2022)

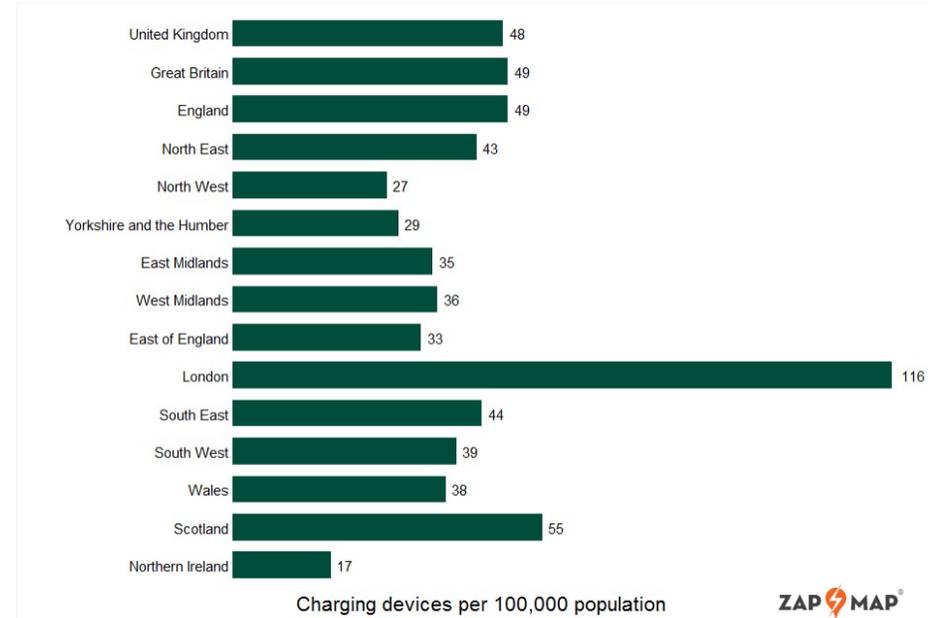
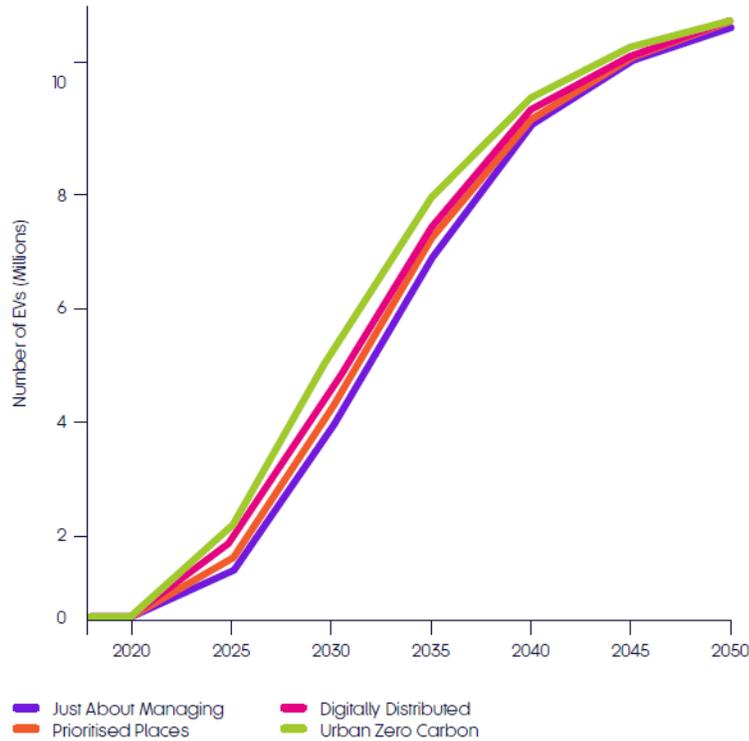
EV uptake as projected by the TfN analytical Framework (across our Future Travel Scenarios)

Public charging devices per 100,000 of population by UK country and region: 1 July 2022

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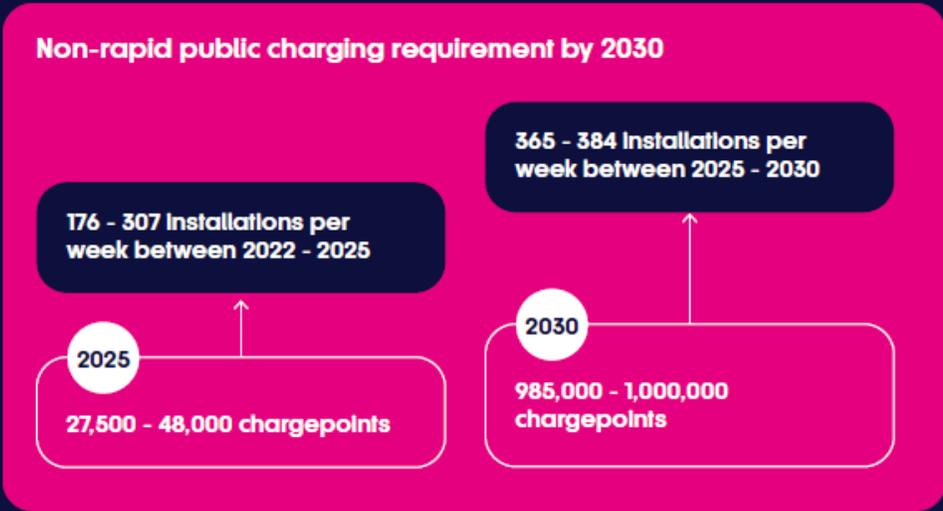
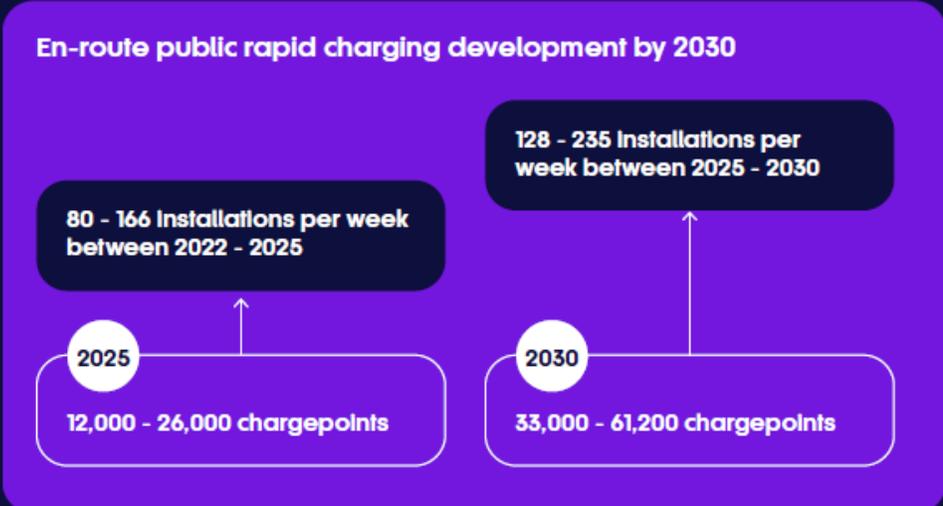
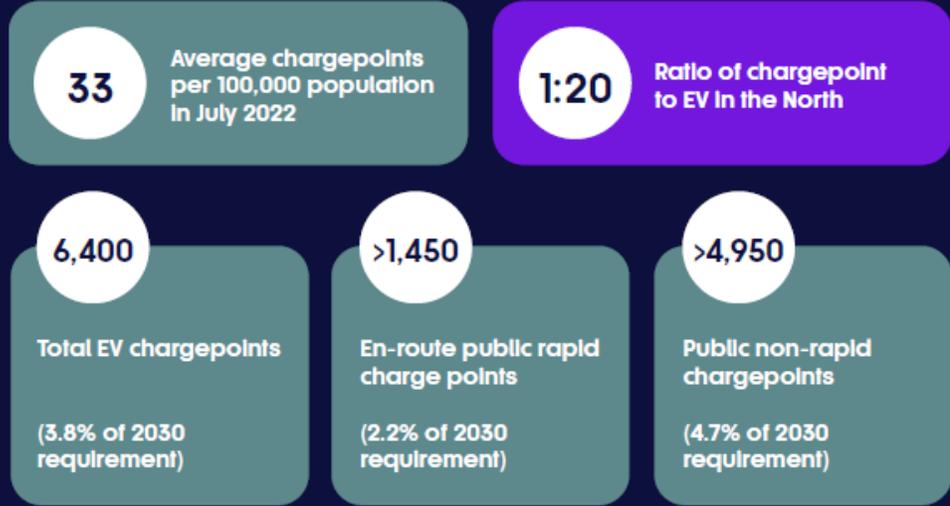


Forecasted electric vehicle (BEV and PHEV) uptake



# TfN's data capabilities which enable our enhanced place based EVCI requirements evidence

Data	Segmentation (every year to 2050, and at MSOA geography)
<b>Regional travel demand</b>	<ul style="list-style-type: none"> <li>• Origin and Destination of user movements;</li> <li>• mode (car, rail, bus, walk, cycle);</li> <li>• user class (i.e. commute, business, non-work);</li> <li>• purpose (user class + detail in other e.g. education, shopping, leisure etc);</li> <li>• time period (AM, inter-peak, PM).</li> <li>• seasonal variation</li> </ul>
<b>Whole network view of vehicle flows on roads; and electric vehicle uptake</b>	<ul style="list-style-type: none"> <li>• Regional highways model providing a whole network view (MRN, SRN, and local roads)</li> <li>• For Car, Van, HGV movements.</li> <li>• EV uptake projections across the fleet for different decarbonisation pathways.</li> </ul>
<b>Population and households</b>	Socio-economic group; Occupation and traveller type; Car availability; Household size
<b>Housing stock</b>	Flat, Terraced, Semi-Detached, Detached Planned development sites
<b>Employment and jobs</b>	Skill level; Employment status; Income segmentation
<b>TfN Future Travel Scenarios</b>	The travel matrices for the four TfN travel scenarios cover the agreed set of forecast years, time periods, fleet make-up and emissions



41.4 tonnes CO2e saved per year per charging point in 2030

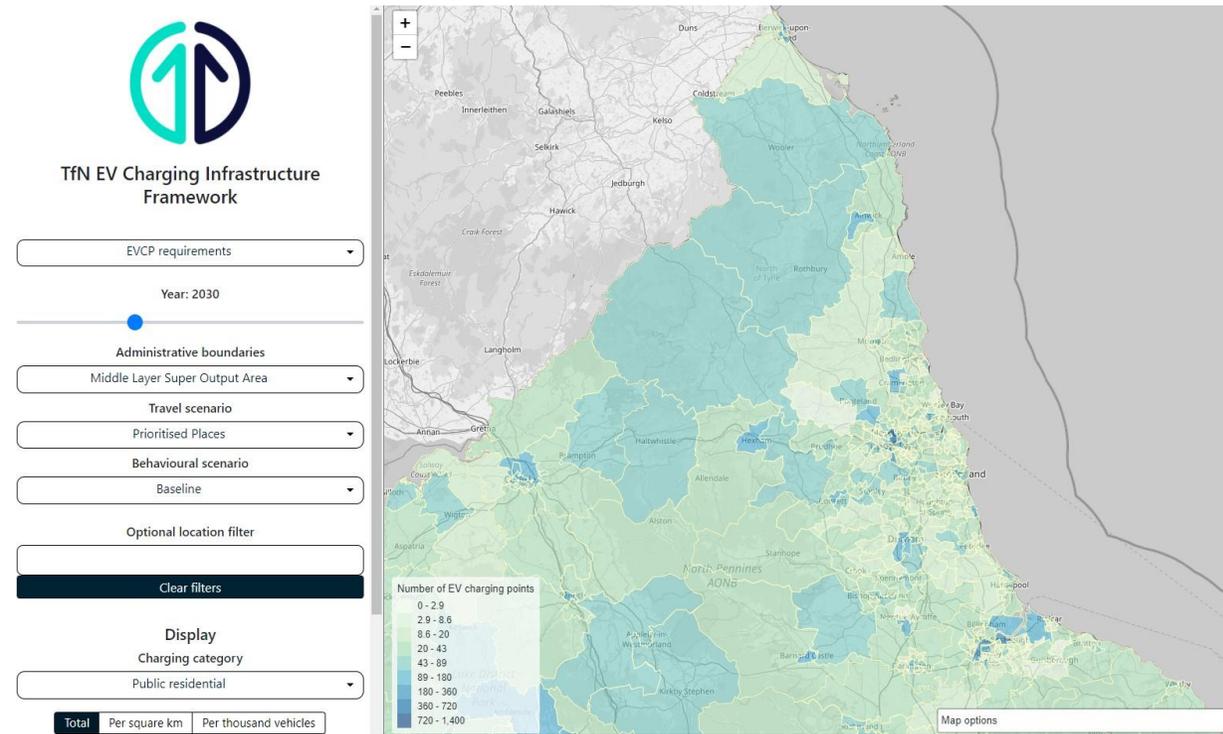
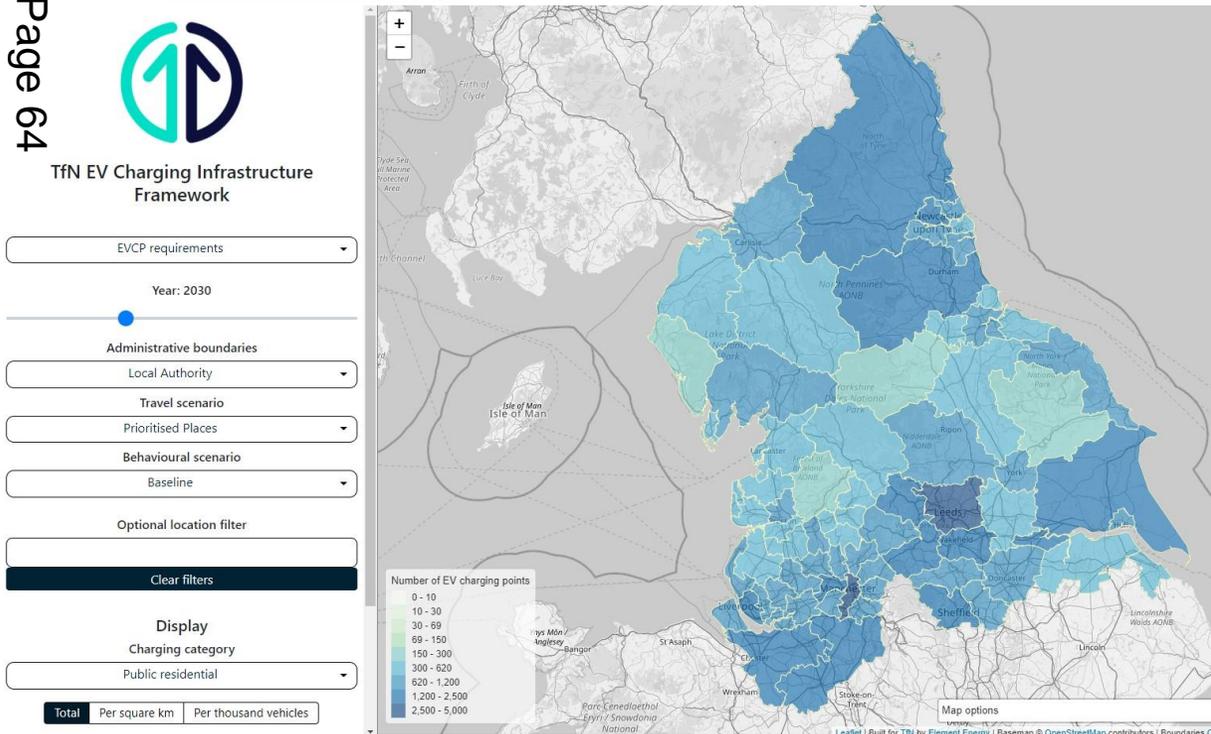
Each charging point in the ground is the equivalent of a hectare of woodland (13,000 trees).

7,312 GWh total additional electricity demand across the region's electricity grid by 2030

Equivalent of the yearly electricity consumption of 2,087,500 households

# Outlining the required scale and speed of place based charging deployment

- Evidence charge point requirements to meet the needs of all place types across the North. Based on TfN's analytical capabilities to understand impacts at a granular spatial scale.
- Ability to filter by: coverage of EVs (car, van, HGV); charging category or total requirements (by home, on-street, work, destination, HGV depot; then en-route rapid for the region); varying travel demand scenarios; different user charging behavioural scenarios; and 5 year increments to 2050.
- Open access here: <https://transportforthenorth.com/major-roads-network/electric-vehicle-charging-infrastructure/>



# Determining possible sites for rapid charge points along the SRN / MRN / MRN

Derived from processing the following datasets:

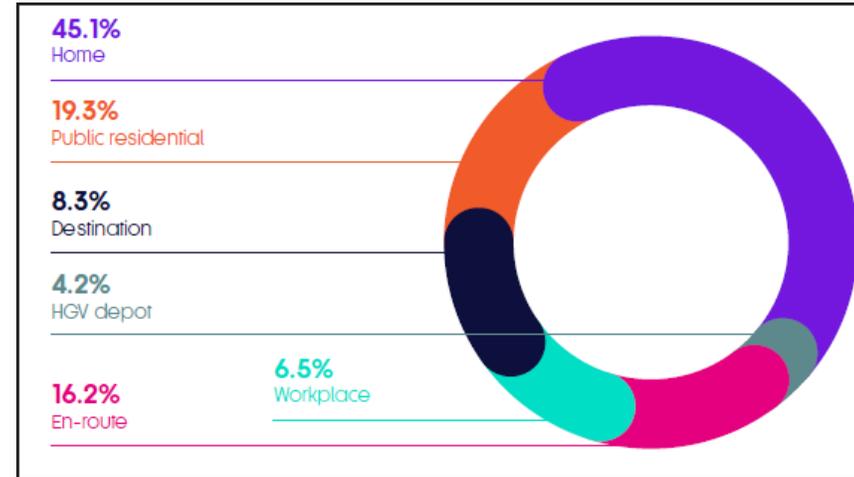
- DfT Road Traffic statistics (AADT)
- Distance from the SRN / MRN & Motorway Junctions
- Land Use (AddressBasePlus) and proximity to traffic volumes
- Existing Rapid Charging Hubs
- Forecast average traffic flows and trip length (*TfN NoHAM model and scenarios*)
- Projected EV uptake (*TfN TfN EVCI model - on-street, en-route and destination charging demand at MSOA level*)
- Green Belt, Special Scientific interest area, AONB, Flood zone constraints



# Encouraging an whole systems approach

## A charging mix to suit spatial considerations

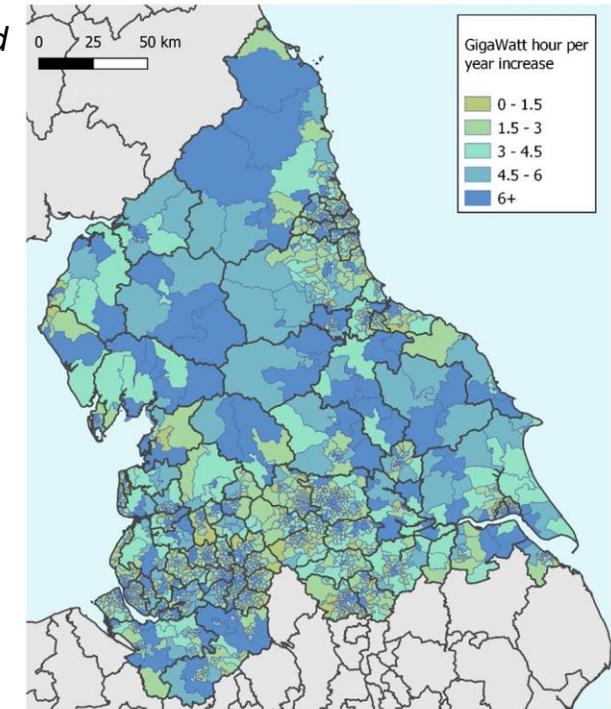
- Place based and decarbonisation strategies
- Avoiding unintended consequences
- Considering new developments (housing regs)
- Freight and warehousing
- Sharing – either car or charging
- Interactions with public transport



## Energy considerations

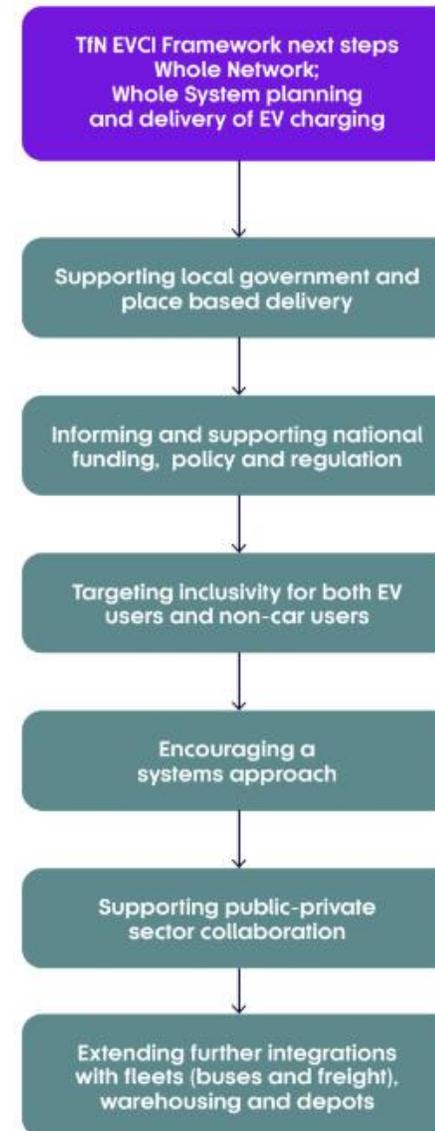
- Electrification of the transport system increases the importance of aligning investment in transport with that in the country's energy systems.
- Robust, integrated and evidence-based planning across 'sectors', to accelerate the right deployment and tackle areas of need which are hampered by grid constraints or high grid connection costs early on.

*Electricity demand increase for all charging in 2030*



# Electric Vehicle Charging Infrastructure (EVCI) – Next steps

1. Publish Framework report and technical detail. Continue our integrated and collaborative approach via the regional EV Steering Group, to deliver best results based on evidence and intended outcomes.
2. EVCI report outlines 6 pillars for applying and/or advancing our EVCI evidence
  - Support Local Government and place based delivery.
  - Inform and support National funding, policy and regulation.
  - Enhance public and private sector collaborations.
  - Target inclusivity for EV users and non-EV users.
  - Encouraging a systems approach.
  - Buses, freight, warehousing and depots
3. New avenues for collaboration arising from development and sharing of our evidence.



Supported by further assessments towards key factors enabling user centric and place based evidence.

- Sustainability of deployment and charging delivery models
- Social equity and inclusion (EV user and non-EV user)
- Spatial planning, energy and systems integration

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# Transport for the North Quarterly Operating Report July to September 2022



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# Introduction

## Summary from the Chief Executive

TfN has welcomed the new Government's commitment to deliver Northern Powerhouse Rail (NPR) in full and the Chairman has written to the new Prime Minister and Secretary of State to set out the Board's preferred way forward on both NPR and HS2 with a clear offer of support. TfN also welcomed the publication of the Transport Select Committee's report on the Integrated Rail Plan that reflected many of the themes of TfN's evidence to the Committee's Inquiry.

Current issues on the rail network including readiness for December timetable changes have been a major priority for the Rail North Committee and the Executive. Members have expressed significant concerns about the passenger impact of ongoing resource shortages, industrial action and service cuts. A ministerial meeting took place in July and TfN will be making representation to government on the recovery of services on the West Coast Mainline. RNC will oversee work on shaping a growth strategy for rail in the North. TfN has established a rail reform Programme Board with GBR, DfT and TfN partners.

Work has continued at pace to prepare our second strategic transport plan (STP2) including the development of the case for change, vision and objectives and policy for places chapters. Further policy development has been focused on socially inclusive transport, International Connectivity, Freight Multi Modal Hubs and Local Connectivity policy positions. Work to refresh the Northern Powerhouse Independent Economic Review (NPIER) continued, specifically updating the evidence base on productivity gap and the development of a series of economic scenarios. Progress on the second Integrated Sustainability Appraisal (ISA2) has been aligned to STP2 development, with scoping documents now completed and consultation started in September.

Key activities within the policy and research programme included further progress on implementing the priorities set out within the TfN Transport Decarbonisation Strategy. The Transport-Related Social Exclusion (TRSE) research report has now been published and the socially inclusive transport policy presented to Board for approval.

In preparation for development of TfN's recommendations for the future Road Investment Strategy programme the team is engaging with National Highways on sharing data and insight on current performance and future challenges for the Strategic Road Network. TfN's Electric Vehicle Charging Infrastructure (EVCI) requirements tool has been published online for use by partners. TAME have made significant progress in developing the analytical evidence in support of Northern Powerhouse Rail, this included releasing a revised version of the Northern Economy and Land Use Model (NELUM) and commenced work on bringing buses into the TfN analytical framework to support local transport authorities on bus service improvements and TfN's work on connected mobility.

# Strategic Rail

## Quarterly Summary

The TfN Board meeting in September took stock of progress of the TransPennine Route Upgrade (TRU), Connected Mobility and an update following the Rail North Committee (RNC) September briefing where Members expressed concern about the passenger impact of ongoing resource shortages, industrial action and service cuts. A ministerial meeting took place in July and covering some of these points and TfN will be making representation on the Avanti West Coast performance issues. RNC will oversee work on shaping a growth strategy for rail in the North.

## Activity Update

### Rail Operations

Passenger demand on Northern and TransPennine Express (TPE) continues to recover at a rate faster and higher than the national average. TfN's Stations Strategy analysis has been shared with Northern, with a view to supporting their station investment programme and "Stations as a Place" initiative.

### Rail Strategy

TfN is continuing to develop more detailed proposals as to how rail reform should be implemented in the North with a further meeting of TfN's Rail Reform Programme Board having taken place on 20th September. Work to refresh the rail elements of the Strategic Transport Plan (STP) and produce a rail connectivity policy is underway.

### Rail Investment

In July a National Audit Office assessment of TRU concluded that the Programme is now in a good position to proceed with greater certainty. Department for Transport (DfT) also a trebling of overall investment on TRU from £2.9bn to £9bn. A major programme of work is already being delivered including work to complete electrification between Stalybridge and Manchester, with plans in place to ensure passengers and freight is kept moving while work takes place. This work is being supported by the TRU Stakeholder Forum which is chaired by TfN.

TfN continues to input to the Manchester programme development through industry workshops and development of a programme narrative by Network Rail. Work also continues on development plans to support additional Bradford -London services and TfN have re-stated their offer of support to Network Rail on the business case. TfN are investigating (with Network Rail) ways of taking forward the workstreams identified in TfN Strategic Rail team's Reliability and Resilience Delivery Plan.

### Connected Mobility Strategy

The Connected Mobility Manager left TfN in September and the recruitment process is underway. In the interim, consultancy support is being sought until the post can be filled.

## Risks

Risk/Issue Summary	Summary of Mitigating Measures	KPI
<p><b>Future timetable changes</b> in Manchester and potential East Coast Main Line in May 2023 that reduces rail connectivity for the North</p>	<ol style="list-style-type: none"> <li>1. TfN, working with Partners, has outlined to Operators and the Department the key concerns of the region. TfN appointed a consultant who completed work to explore how regional services that would be lost can be restored on ECML. To support this TAME has produced economic impacts of the timetable change on the ECML</li> <li>2. A collaboration between DfT and TfN to develop a blueprint of infrastructure and services to support further capacity on the ECML will be established. Likewise, regarding Manchester, collaborative work continues with DfT to underpin a blueprint linking infrastructure to future service development</li> <li>3. Contribute and influence the work of the Leeds area study as part of the implementation of the IRP and linked to ECML future timetables</li> </ol>	17/18
<p><b>There is a risk that TfN could have a reduced role in the rail industry</b> following the implementation of the Williams-Shapps review.</p>	<ol style="list-style-type: none"> <li>1. TfN is working with the GBR transition team to work on a more detailed proposal as to how the white paper might be delivered in the North.</li> <li>2. TfN has established a rail - reform programme board chaired by TfN's CEO.</li> </ol>	9
<p><b>The long-term effect of Covid-19 may impact on the viability of train services and future investment decisions.</b> The pandemic has changed travel patterns and behaviours and therefore service and investment decisions will need to reflect new markets and emerging evidence of demand.</p>	<ol style="list-style-type: none"> <li>1. To continue to use TfN's influence in the monthly Rail North Partnership Board and Rail North Committee to shape the re-introduction of services, and infrastructure developments and re-build passenger confidence.</li> <li>2. Continue with the close working relationship and communication with TfN member authorities on deliverables and risks - feeding back information through TfN governance structures</li> <li>3. Strategic Rail and RNP to work together to support Network Rail and Operators in producing recovery plans that meet passengers' needs and rebuild confidence.</li> <li>4. Continue to track train service performance and delivery via regular reporting dashboards.</li> </ol>	17

## Programme and Look Ahead

- Work with RNP to respond to future service change plans and the reintroduction of services by TPE from December 2022.
- Progressing proposals for Rail Reform in the North through the Programme Board and Members' Working Group.
- Using TfN's Stations Strategy to shape the development of Northern's business plan and "Stations as a Place" initiative.
- Developing a "Rail Connectivity Policy" (as part of the STP) addressing many aspects of the passenger experience through a wide definition of connectivity.
- Completing the recruitment process for the Connected Mobility Manager and interim consultancy support to continue work on the Hub and Hub+ concept.
- Preparing reports for the future RNC and TfN Board meetings.

# Strategic Transport Plan (STP)

## Quarterly Summary

Work has continued at pace to prepare our second strategic transport plan (STP2) including the development of the case for change, vision and objectives and policy for places chapters. Further policy development has been focused on socially inclusive, International Connectivity, Freight Multi Modal Hubs and Local Connectivity policy positions. Work to refresh the Northern Powerhouse Independent Economic Review (NPIER) continued, specifically updating the evidence base on productivity gap and the development of a series of economic scenarios. Progress on the second Integrated Sustainability Appraisal (ISA2) has been aligned to STP2 development, with scoping documents now completed and scoping consultation started.

## Activity Update

- The overall programme and approach to developing the STP was agreed with the TfN Board at the end of September 2021 with a timeline to adopt a draft Strategy by Q4 in 2022/23, statutory consultation over Summer 2023 and adoption of the final Strategy by December 2023.
- In July we consulted with partners on the relevance of the original vision and objectives set out in our current STP and have used the feedback from that to inform the preparations for the vision and objectives chapter of STP2. This includes a revised vision, identifying three strategic outcome focused ambitions and 18 SMART (specific, measurable, achievable, realistic and timebound) objectives that clearly articulate the target or end state the North needs to achieve to deliver the collective pan northern vision. These have been developed iteratively in collaboration with our partners via the TfN Strategic Oversight Group, TfN Executive Board and were presented to TfN Partnership Board in September 2022.
- Over the summer work also began on the case for change and policy for places chapters of STP2, initial drafting of both has taken place and been through internal check and challenge before we share with partners in the Autumn for their input and feedback.
- Following appointment of a supplier (Arup) to support us in preparing the Integrated Sustainability Appraisal 2, work has been ongoing on updating the previous ISA baseline context and scoping documents. This update has included a full review of the previous ISA objectives in light of the updated baseline and also the greater range of policy positions, research and evidence that TfN has itself developed since 2019. The ISA scoping consultation was commenced on the 27<sup>th</sup> September and will run for 5 weeks, until 2<sup>nd</sup> of November. Following consultation and the finalisation of the ISA objectives, internal workshops with officers drafting the STP2 will be arranged to ensure the ISA objectives are considered during plan preparation.
- Work has continued at pace on the policy development that will underpin STP2 including the adoption of the Socially Inclusive transport strategy and International Connectivity policy position by TfN Board in September as well as initial scoping of two new policy positions, one focused on Freight Multi Modal Hubs and a second on Local Connectivity. The programme to refresh the

Northern Powerhouse Independent Economic Review (NPIER), has now defined the economic scenarios for the future of the North’s economy with partners. The next series of consultations with partners will follow the delivery of the modelled outputs for the North in late-October. Internal discussions are progressing to translate the modelled outputs into the ambition for the STP.

## Risk

Risk/Issue Summary	Summary of Mitigating Issues	KPI
<p><b>Continued partner support.</b> Risk of lack of or insufficient partner support and alignment for the Strategic Transport Plan and the Investment Programme ambition and outcomes.</p>	<ol style="list-style-type: none"> <li>1. Continue stakeholder engagement on an ongoing basis via SOG and other mechanisms. Ensure visibility of STP and research programmes to partners with timely updates to allow officers to plan engagement and activity. Early discussions with partners as part of the STP programme development process.</li> <li>2. Liaison with Comms &amp; Engagement Team providing relevant information to feed into the communications plan.</li> </ol>	14
<p><b>STP buy-in from Government.</b> There is still an uncertainty that central government (DfT) may not consider and/or listen, accept TfN’s advice on proposed transport interventions for the North as the TfN STP.</p>	<ol style="list-style-type: none"> <li>1. Continue to provide the coherent message that TfN case is grounded in evidence, whilst seeking to achieve change required to meet wider policy outcomes (e.g. decarbonization, levelling—up)</li> <li>2. Continue direct engagement with Government departments over TfN's objectives and engagement.</li> <li>3. Continue to refine and build the tools required to deliver the STP vision and secure Government buy-in.</li> </ol>	14, 15
<p><b>Developing the STP evidence base.</b> There is a risk that TfN's evidence base is not completed by December 22 and therefore cannot be included in STP2 and partners updated SEPs, LTPs, and other strategies and plans may not be aligned with the STP.</p>	<ol style="list-style-type: none"> <li>1. Clear STP programme established and visible to stakeholders.</li> <li>2. Regular ongoing engagement and dialogue with wide range of stakeholders and partners, including with TfN partners, DfT, National Highways and Network Rail through the Strategic Oversight Group; and with the NP11 and other Northern bodies.</li> <li>3. Publication of TfN research and analysis, and regular engagement with academics and analysts across the North and UK.</li> <li>4. To agree and revise the NPIER in advance of the revised STP to secure agreement to the economic objectives in the STP.</li> <li>5. Ensure STP2 to align with partners, updated LTP's and subsequent strategies and plans.</li> </ol>	5, 10, 14

## Programme and Look Ahead

Through the programme there will be significant decisions, including:

- October 2022 – Partner workshops on the policy for places chapter of STP2.
- October 2022 – Publication of the TfN Freight & Logistics & Inclusive Transport Strategies
- December 2022: Final evidence base agreed with TfN Board.
- Spring 2023: Board approval of the draft STP ready for consultation.
- Summer 2023: Statutory public consultation on the draft STP.
- End 2023 or early 2024: New STP adopted by Board.

# Strategy, Policy, Research & Economics

## Quarterly Summary

Key activities included further progress on implementing the priorities set out within the TfN Transport Decarbonisation Strategy. The Transport-Related Social Exclusion (TRSE) research report has now been published and the socially inclusive transport policy presented to Board for approval. The Citizens' Panel work has now been commissioned. The research team is about to complete defining the Northern Powerhouse Independent Economic Review (NPIER) Economic Scenarios Development project has established a set of scenarios for modelling, and a draft baseline scenario has been presented.

## Activity Update

TfN continues to implement the priorities identified in the Transport Decarbonisation Strategy, including:

- Working with DfT to help guide the development of upcoming DfT guidance on 'Quantifying Carbon Reductions' (QCR) and Infrastructure Carbon as a part of the expected DfT Local Transport Plan (LTP) guidance
- TfN previously supported Network-H2, Northern Gas Networks and others in applying for funding from Ofgem and UK Research and Innovation (UKRI) to:
- developing a model based on transport flows and gas pipeline proposals for the phased location of hydrogen refuelling stations servicing heavy duty transport uses (and port equipment), and
- forming a consortium of suppliers and users to deliver a pipeline fed HRS on the ground. Unfortunately, the consortium was unsuccessful in this funding application. TfN is now liaising with the distribution gas networks (NGN and Cadent) to put together a smaller client group and funding for the independent delivery of stage 1 (Hydrogen Refuelling Station location modelling). If successful, this work would be scheduled for this financial year, and is aligned with ongoing prioritisation work being carried out by the NP11.
- The evidence review for TfN's Clean Mobility Vision workstream has now been completed, with focus now on phase 2: developing the most effective place-based policy packages for reducing vehicle mileage (based on the evidence review). TfN is liaising with both Midlands Connect (who are developing a parallel carbon reduction calculator tool) and DfT to ensure that similar workstreams are nested and complementary to each other. DfT is keen to utilise TfN's outputs, alongside their own, as part of the suite of tools to be provided to local authorities in relation to the development of their Local Transport Plans and QCR.
- The TRSE research report has been published, alongside a data tool to allow partners to access evidence on the risk of TRSE across local areas. The report received significant media coverage and was also presented at the Royal Geographical Society conference.
- The Socially Inclusive Transport Strategy will be taken to TfN Board in September to seek approval for publication and consultation. A revised version of the Strategy following consultation will be taken to TfN Board in early 2023.

- The NPIER Economic Scenarios Development commission has now outlined the scenarios that will be modelled for sign off by partners in early October. The modelling workstream has delivered draft baseline scenario. After consultation with partners a revised baseline will be delivered early October.
- The six-month Citizens’ Panel project has been commissioned and the inception work with the chosen supplier is underway. The current commission is expected to conclude in Spring 2023.
- Preparation of the scoping materials, including the updated baseline context and revised ISA objective, for the Integrated Sustainability Appraisal (ISA2) has been completed. The scoping consultation commenced on 27<sup>th</sup> September 2022 and will run for 5 weeks.

## Risk

Risk/Issue Summary	Summary of Mitigating Measures	KPI
<p><b>TfN embedding the STP across programmes.</b> Risk regarding how the STP and policy positions are embedded across the organisation and how they are joined up across the programmes. If not managed well, a working siloed culture may be prevalent, causing a multitude of business issues to TfN.</p>	<ol style="list-style-type: none"> <li>1. Adoption and in-bedding TfN's policy development framework across the organisation to streamline how we develop policies at TfN.</li> <li>2. Continued cross team collaboration ensuring alignment of STP and programme activities with other functions within TfN.</li> </ol>	14
<p><b>Within its Decarbonisation Strategy, TfN and its partners have committed to achieving close to zero emissions for surface transport in the North by 2045.</b> TfN is unable to deliver its contribution to achieving this target.</p>	<ol style="list-style-type: none"> <li>1. 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.</li> <li>2. Develop mechanisms to ensure decarbonisation and sustainability are reflected in project and strategy decision-making</li> <li>3. Continue to influence and engage with stakeholders and maintain reputational credibility</li> <li>4. Embedding decarbonisation into wider TfN workstreams including freight and social inclusion and testing the interdependencies</li> </ol>	15
<p><b>NPIER programme.</b> Potential risk around timescales and quality of outputs which are crucial elements of the STP and wider TfN evidence base.</p>	<ol style="list-style-type: none"> <li>1. Close monitoring of progress against programme timetable and weekly catch-ups with suppliers are taking place to flag any potential timescale delays.</li> <li>2. Thorough discussion of methodology and approach and early sight of outputs is taking place to prevent poor quality outputs. Detailed timescales and deliverables are being developed with supplier at inception meeting. Project Manager is to monitor progress against these.</li> </ol>	10

## Programme and Look Ahead

- Publication of the Freight & Logistics Strategy and TRSE research expected October 2022
- NPIER Economic Scenarios Development: scenario outputs will be socialised with external partners starting late-October 2022, and consultations continue through final report drafting

# Major Road Network (MRN)

## Quarterly Summary

In preparation for development of TfN's recommendations for the future Road Investment Strategy programme the team is engaging with National Highways on sharing data and insight on current performance and future challenges for the Strategic Road Network. And working with TfN's TAME team on assessing potential RIS interventions utilising TfN's suite of transport modelling tools.

TfN's Electric Vehicle Charging Infrastructure (EVCI) requirements tool has been published online. TfN are collaborating with partners to support delivery actions and also shaping further advancements due March 2023.

Working jointly with TAME, the team has commissioned a supplier to help development of tools to support partners Bus Service Improvement Plans (BSIP).

## Activity Update

- The team continue to engage with TfN partners on discussing their priorities for the 2025-30 RIS3 Programme. A workshop took place on 30 September with National Highways and the Department for Transport (DfT), to discuss the approach to developing recommendations for the RIS Programme.
- The Major Roads and TAME team have reviewed the bids for the BSIP project. An inception meeting with the supplier has been scheduled for early October to discuss requirements, including the integration of bus service data into the TfN Analytical Framework.
- TfN has published the Electric Vehicle Charging Infrastructure (EVCI) interactive online tool and a supporting report will be published in October. The online tool delivers on the Sub-national Transport Body (STB) requirements set out in the National Electric Vehicle (EV) Strategy, which TfN's work has helped to shape. Published material is supporting Local Authorities planning and delivery for EV charging, and TfN are collaborating with National partners to inform policy and funding decisions. TfN's EVCI Framework has been shortlisted for the Public Sector Infrastructure Strategy of the Year at the Electric Vehicle Innovation and Excellence Awards (EVIES), hosted at the EV World Congress on 4<sup>th</sup> October.
- Following Local Authority partner feedback on priorities for a EVCI Phase 3, TfN are finalising delivery aspects with a view to completion in March 2023. Phase 3 aims to enhance our evidence base and further support the planning, delivery and monitoring of EV charging. Additional funding for Phase 3 has been provided by the Department for Transport (DfT).
- The team is leading TfN's input to the National Infrastructure Commission's (NIC) request for input to the second NIC Interurban Transport Project. The core output from NIC's work on this will be an assessment of the connectivity benefits of up to six separate portfolios of inter – urban transport improvements.
- The Major Roads and TAME teams continue to support Decarbon8, Stantec and other Northern partners with a study (funded by the Economic and Social Research Council, ERSC) aimed at better understanding what is required of transport/land use when considering people and place, to support the net zero transport decarbonisation target. This is using evidence from and building

upon TfN's Future Travel Scenarios work and will involve one or more case studies in the North.

## Risks

Risk/Issue Summary	Summary of Mitigating Measures	KPI
<p><b>Alignment with delivery partners.</b> There is a risk that TfN and its Partners may not have an effective relationship that supports the delivery of TfN's objectives. This could be due to ineffective communication that causes a lack of clarity and understanding of Partners and/or Partners understanding of TfN's policy positions and priorities. This would lead to relationship challenges that would impact our credibility and affect our partnership working.</p>	<ol style="list-style-type: none"> <li>1. TfN to work with Partners to provide Road Investment Strategy (RIS3) recommendations to National Highways.</li> <li>2. TfN to manage expectations with partners at Strategic Oversight Group, Major Roads Group and Executive Board partner briefings.</li> <li>3. Implementing and updating the Joint Engagement and Action Plan (JEAP) with National Highways</li> </ol>	11
<p><b>EVCi stakeholder expectations and interaction.</b> If there is any misalignment of objectives or miscommunication with key stakeholders, there is a risk that stakeholders may not be clear on the outputs to be delivered, it's uses, and their inputs required. This could lead to reputational risk, poor partner relations, and project outputs that are not applied effectively.</p>	<ol style="list-style-type: none"> <li>1. TfN is to host ongoing EVCi Steering Group to drive effective outputs and shape future work to enhance capabilities across the region.</li> <li>2. Engagement with the DfT and the Office for Zero Electric Vehicles to ensure clear understanding of how this work can support the national agenda and actions.</li> <li>3. The team is using the work to enhance collaboration with a number of partners, including other STBs, National Highways, Ofgem, National Grid, the Department for Business, Energy and Industrial Strategy (BEIS), Cabinet Office Geospatial team, CIHT, the Catapult Network, and the Energy Saving Trust.</li> <li>4. Explore new avenues to promote the work where possible.</li> <li>5. Work with Partners to develop and agree the scope for Phase 3 work.</li> </ol>	12

## Programme and Look Ahead

- Preparing a formal response to the Route Strategies and SRN Initial Reports, expected to be published by National Highways, in Autumn 2022.
- The EVCi project has been shortlisted by the Electric Vehicle Innovation and Excellence Awards for the Public Sector Infrastructure Strategy of the Year award. The awards will be announced in October.
- The team will be attending DfT Road Scheme Business Case workshops in October. These are aimed at supporting TfN partners with their business case development.
- The team will update Major Roads Group in October on work developing the RIS recommendations, on the TfN Monitoring and evaluation framework and on next steps for the EVCi and BSIP projects.  
The team will be attending the annual Highways UK conference, 2 and 3 November.

# Operations Summary

## Quarterly Introduction

TfN operational teams include teams and departments that are key to our success as a Sub-national Transport Body and the completion of our organisation wide KPIs, but who are not responsible for the completion of individual projects or programmes. These teams provide support for programmes through specialist skills and knowledge in their relevant areas. Teams included under the operations section include the Stakeholder Engagement & Communications Team (SECT), Finance, Procurement & Risk, Legal & Democratic and Technical Assurance, Modelling & Economics (TAME). Other teams within TfN may also be referenced under this section when they undertake important activities relevant to the pursuit of TfN's success and wider goals.

## Activity Update

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

### Stakeholder Engagement & Communications Team (SECT)

- Our Transport Related Social Exclusion (TRSE) report was launched on the 23<sup>rd</sup> September with significant media coverage across broadcast, online and print publications.
- We also launched a video explaining the key elements of the research and edited explainer videos to accompany the content moving forward.
- We held a fringe at the Labour Conference in Liverpool promoting our TRSE report. The session on 25 September was "*Better connected communities: Unlocking economic growth and levelling up the North.*" We shared clips from speakers on our social media channels.
- TfN Board met on 29 September in Manchester. This was promoted in advance via internal and external channels, and to media. We recorded, edited and published clips featuring the authors of papers to be presented to increase awareness and access to the meeting.
- Released our Business Plan for 2022/23. This included a press release and new brand video. A dedicated page was created on our website and social media assets were shared to drive organic engagement with the messaging.
- Launched our 'North Based' campaign to support the four areas in the region shortlisted to be the home of Great British Railways. The campaign featured media coverage, podcast episodes with regional leaders, and social media support.
- Launched the 'One Voice' podcast series with Mayor Jamie Driscoll, Mayor Oliver Coppard and Cllr Keith Aspden and shared the content on our social platforms.

- Across our digital channels, we published and promoted our latest research looking at the impact of our travel choices. The content proved popular on LinkedIn, reaching almost 4500 users.
- Published an article and shared social media content outlining progress on the latest phase of National Highways' work on the A66 Northern TransPennine route
- Internal comms continued to focus on keeping colleagues updated on the business planning process, continuing to promote wellbeing resources including dealing with the summer heatwave, and a focus on climate change with the internal Carbon Footprint survey and promoting Net-Zero week in July.

### **Finance, Procurement and Risk**

Normal operations have been delivered during the quarter with the following being prominent developments

- 2021/22 statutory accounts have been drafted, audited and approved by the Board. They will be published when audit certification has been completed, probably in the third quarter.
- A revised forecast is now being prepared which will provide key information on progress to the end of September.
- Updates have been made to the Risk Management Strategy following a thorough review, which includes TfN's risk appetite statement. Training will be rolled out to staff in October.
- The updated Corporate Risk Register ("CRR") which reflects the Key Performance Indicators (KPIs) and business objectives outlined in the Business Plan for Financial Year 2022/23 was presented to Audit and Governance Committee and TfN Board in September.
- RSM have undertaken an audit of TfN's risk maturity in September.

### **Legal & Democratic**

The team continues to provide support across TfN for all corporate meetings and operational legal advice including on procurement and information law. Recruitment to permanent roles in the team is ongoing. A review of the Constitution will be carried out to reflect the new structure and will be presented to Board in due course.

### **TAME (Technical Assurance, Modelling & Economics)**

- Recalibration of the Northern Economy Land Use Model 3.1 (NELUM3.1) has been completed and the model is now officially under application on the NPR SOBC programme
- A supplier has been appointed to the Northern Model Integration Tools (NorMITs) Demand contract. They will be supporting TAME with analytics related to the NPR SOBC programme. The inception meeting was held in August and the team are now progressing with work which was scoped and agreed with DfT.
- Work has completed building 2042 and 2052 Wider Impacts in Transport Appraisal (WITA) inputs for the Northern Rail Modelling System (NoRMS). These include GDP, employment and productivity inputs and help to forecast economic benefits of NPR network tests

- The updated NoRMS Catalog, with User Benefits, Segmentation and Rail Eval revisions has been issued to the RMAP team. This provides a number of marginal improvements to the quality of NoRMS
- TAME and The Rail Modelling and Appraisal Partner (RMAP) has submitted an updated Operating Cost Model v25 to the DfT for review.
- Regular NPR Analytical Steering Group meetings have been established and the next is on the 14 October. At this session TAME will present the first economic results from the NPR Committed Core network.
- The TAME Team completed a dry-run of the SOBC analytical programme at the end of September. This has helped identify programme risks and opportunities for efficiencies in advance of the main SOBC analysis.
- Lessons learned sessions took place following the dry-run. Actions were compiled and the workstream leads have discussed where improvements can be made and implemented in future.
- A mechanism to prioritise TAMEs work programme has been established to help provide direction for TAME resourcing.
- Three new members of TAME joined the team in July and August providing support across the teams NPR SOBC programme.
- The next round of recruitment is underway with job adverts placed and interviews scheduled for October. This campaign is targeting five new recruits to take the team up to full strength.

# Financial Performance

## Financial Update

### Summary

Expenditure incurred year-to-date (YTD): £7.58m

YTD budget: £8.74m

YTD variance against budget: £1.16m underspend (13%)

### Headlines

- Actuals are monitored against the base budget.
- Underspend YTD is driven by lower run rates in areas of hosted services and lower than forecast transition costs.

### Hosted Services

- Expenditure of £3.23m YTD, represents an underspend of £0.50m (13%). Expenditure in these areas is subject to dedicated funding streams which cannot be repurposed.

### NPR Programme Closure:

- YTD expenditure of £0.23m is £0.04m below budget. This reflects mitigation of closure costs due to redeployment of personnel and reduction in infrastructure costs where contractual terms have allowed.

### NPR Analytical Support:

- Expenditure of £2.31m YTD, represents an underspend of £0.32m (12%). This is predominantly due to a lower than anticipated run rate on the RMAP contract. Discussions are on-going with the DfT regarding additional analysis requirements to make best use of available funding.

### Rail North Partnership:

- Expenditure of £0.69m YTD, is £0.14m under budget. This predominantly relates to the TRU contract where there have been two vacancies since the start of the year, one of which has been recruited in September.

### Operational Areas

Expenditure of £4.35m YTD, represents an underspend of £0.66m (13%).

### Strategy & Policy:

- Expenditure of £0.95m YTD, is in line with budget.

### Major Roads:

- Expenditure of £0.19m YTD, represents a marginal overspend of £0.01m (5%) due to activity slipped from the prior financial year.

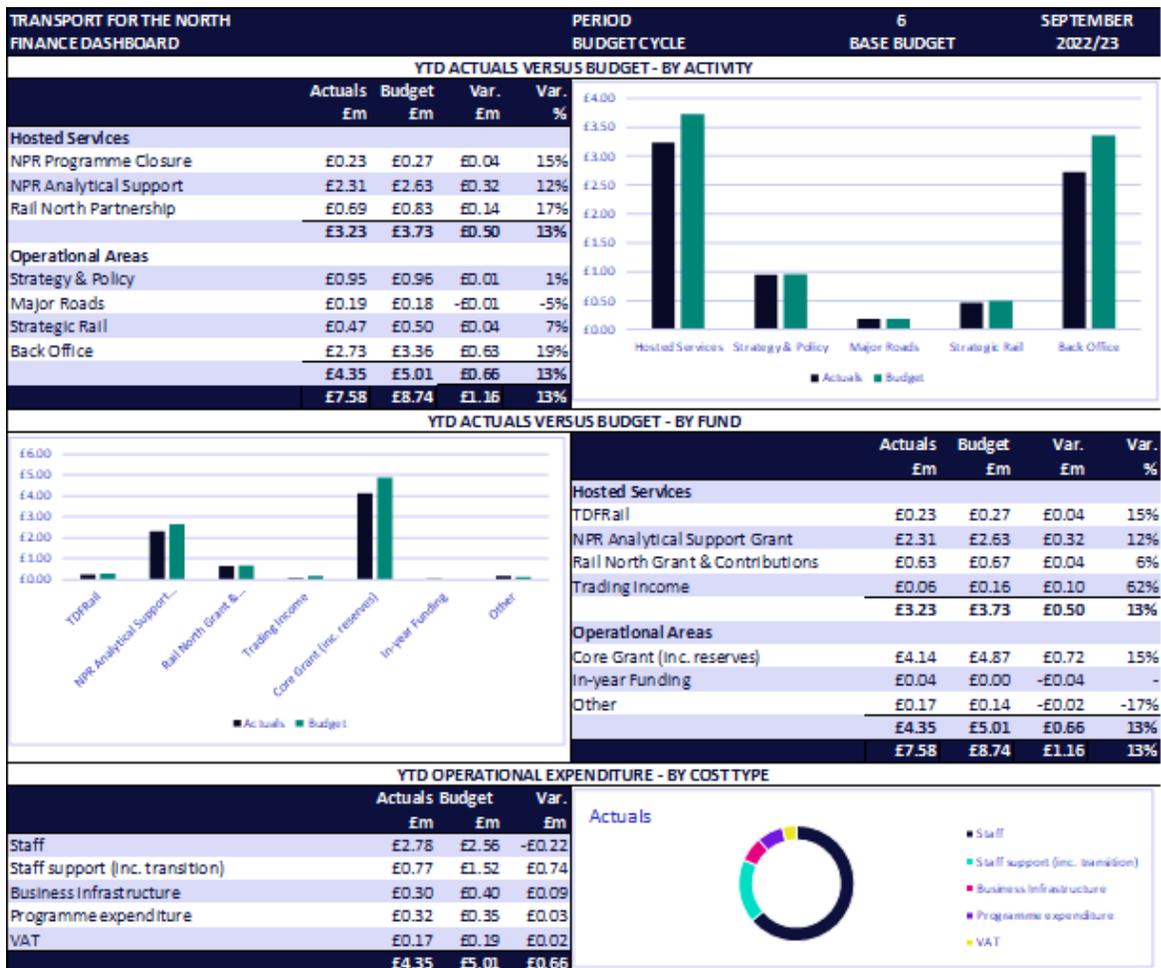
### Strategic Rail:

- Expenditure of £0.47m YTD, represents an underspend of £0.04m (7%) due to phasing differences, with several pieces of work due to start in Q3.

Backoffice:

- Expenditure of £2.73m YTD, against a budget of £3.36m, an underspend of £0.63m (19%).
- Underspend is driven by lower than anticipated transition costs. These are partially offset by increased staff costs with the continuation of interim and agency staff while recruitment to the new organisational structure continues. Although further transition costs are pending, it is anticipated that there will be a net underspend in relation to staff and transition of c. £0.30m.

## Finance Dashboard



## Human Resources Update

Salaried Establishment as at **5 October 2022**

### Established Permanent/Fixed-term Posts

Area	Permanent Posts (Over 2 years)	Fixed-term Posts (Up to 2 Years)	Total Establishment
CEO Office	2 (2.00 FTE)	-	2 (2.00 FTE)
Support Services	19 (19.00 FTE)	-	19 (19.00 FTE)
Operational & Delivery	43 (43.00 FTE)	1 (1.00 FTE)	44 (44.00 FTE)
DfT Data Services (Hosted)	24 (23.80 FTE)	-	24 (23.80 FTE)
Rail North Partnership (Hosted)	14 (14.00 FTE)	3 (3.00 FTE)	17 (17.00 FTE)
<b>Total Establishment</b>	<b>102 (101.80 FTE)</b>	<b>4 (4.00 FTE)</b>	<b>106 (105.80 FTE)</b>
Strength (in post)	77 (76.80 FTE)	2 (2.00 FTE)	79 (78.80 FTE)
Appointed (start date pending)	3 (3.00 FTE)	-	3 (3.00 FTE)
Active/Pending Recruitment	18 (18.00 FTE)	1 (1.00 FTE)	19 (19.00 FTE)
Vacant – On-hold	4 (4.00 FTE)	1 (1.00 FTE)	5 (5.00 FTE)

### Agency/Consultancy Resource – Covering Vacant Established Posts

Area	Posts (FTE's)
Support Services	2 Posts (2.00 FTE)
Operational & Delivery	8 Posts (8.00 FTE)
<b>Total</b>	<b>10 Posts (10.00 FTE)</b>

### Resourcing Update – For Information

Aligned to the circa 37% reduction in the 2022/23 core budget, it is projected that TfN's establishment will reduce to 104 posts (31 posts removed to date) alongside the implementation of our revised operating model (Senior Management Structure).

## **HR Metrics – 2022/23 Year-to-Date:**

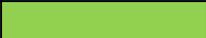
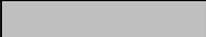
Corporate Sickness Level:	<b>3.0%</b>
Employment Policy Application:	<b>0%</b>
Rolling 12 Month - Employee Turnover (Voluntary Leavers):	<b>33.5%</b>
% of Employees from an Ethnic Minority Background:	<b>14%</b>
% of Employees declaring a Disability:	<b>22%</b>
Gender Mix - % of Female Employees:	<b>38%</b>
% of Male Employees:	<b>62%</b>

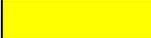
# Key Performance Indicators

## Key

## Colour

## Number of KPIs with this status

Achieved (complete)		<b>2</b>
On Track (in progress, no delays)		<b>4</b>
In Progress (in progress, may become delayed)		<b>12</b>
Delay (has missed a key deadline)		<b>2</b>
Delay BTYE (delayed beyond this year end)		<b>0</b>
Not Started		<b>0</b>

Area	KPI	Detail	Progress	Status
<b>Rail</b>	1	Establish the Stakeholder Forum for Trans-Pennine Route Upgrade	Achieved	
			The stakeholder forum for TRU has been set up and is chaired by TfN, with the inaugural meeting having taken place in June.	
<b>Strategy</b>	2	Publish the TfN work on Transport Related Social Exclusion	Achieved	
			The TRSE research and mapping tool was published on the 22 September. The inclusive transport strategy was agreed by the Board on the 29 September.	
<b>CEO</b>	3	Complete the reshaping of TfN and implement new operating model	In Progress	
			The reshaping of the organisation was completed in August and the recruitment of new Directors commenced in September with appointments due in October/November.	
<b>CEO/Rail</b>	4	Implement effective governance arrangements for the Co-Sponsor Board.	In Progress	
			The NPR Sponsor Board met in July. The development of the Sponsorship Agreement has been progressed and is expected to be agreed with ministers and TfN Board by the end of the calendar year.	
<b>Strategy</b>	5	Publish the TfN Freight and Logistics Strategy	In Progress	
			Publication has been delayed due to staff availability and is now expected to take place in October or November.	
<b>Strategy</b>	6	Establish the agreed NPR analytical work programme for DfT through TAME.	In Progress	
			The Grant Funding Agreement between TfN and DfT was agreed in June 2022. An initial work programme for 2022/23 has been agreed with DfT and analytical steering group now established.	
<b>Finance/Strategy</b>	7	Develop an autumn submission to Government	In progress	
			Initial advice to DfT was provided in September in response to a DfT commission on Regional Centres of Excellence. Further	

		that identifies opportunities to build on TfN's technical capabilities	discussions are expected to take place during the next quarter.
<b>CEO/Strategy</b>	8	Develop the business model that enables TfN to support its partners across the north	In Progress initial development work and discussions with Partners commenced in September and will continue in the next quarter.
<b>Rail</b>	9	Working with partners, prepare a Northern proposition for the implementation of the Williams-Shapps rail reforms	In Progress Work is continuing to develop more detailed proposals of how rail reform should be implemented in the North with the most recent meeting of TfN's Rail Reform Programme Board having taken place in September.
<b>Strategy</b>	10	Publish a refreshed Northern Powerhouse Independent Economic Review	On track A work programme has been established and technical modelling work is underway, with initial outputs expected in November.
<b>Road</b>	11	Identify investment priorities for consideration as part of Road Investment Strategy (RIS3)	In Progress The team continue to engage with TfN partners on discussing their priorities for the 2025-30 RIS3 Programme.
<b>Road</b>	12	Use the EV Charging Infrastructure framework to support partners – nationally and across the North	In Progress Following Local Authority partner feedback on priorities for a EVCI Phase 3, TfN are finalising delivery aspects with a view to completion in March 2023. Phase 3 aims to enhance our evidence base and further support the planning, delivery and monitoring of EV charging.
<b>Strategy</b>	13	Make the Clean mobility visions outputs available for use by partners – nationally and	In Progress The development of CMV evidence base is nearing completion and suitable options for dissemination are being considered.

		across the North	
<b>Strategy</b>	14	Prepare a draft Strategic Transport Plan and secure TfN Board agreement to consult	On Track <span style="float: right;">■</span>
			A work programme has been agreed with the TfN Board and significant progress to complete the evidence base is on track. In September the Board agreed the international connectivity policy position.
<b>Strategy</b>	15	Complete an Integrated Sustainability Appraisal of the revised Strategic Transport Plan	On Track <span style="float: right;">■</span>
			Work is underway with Arup as the appointed consultants.
<b>Rail/Road</b>	16	Develop a draft Connected Mobility Strategy and secure TfN Board agreement to publish	Delay <span style="float: right;">■</span>
			The Connected Mobility manager has left TfN, and the recruitment process is underway. Commissioning interim consultancy support is underway. An interim update was provided to Board in September.
<b>Rail</b>	17	Develop and implement the Manchester Recovery Taskforce 'Blueprint' and apply the same approach to the East Coast mainline	In Progress <span style="float: right;">■</span>
			The Manchester Task, with input from TfN, continue to develop and deliver the Blueprint for Manchester with the next step being delivery of the Dec 22 timetable. The Blueprint for the ECML (North) has been developed by TfN, shared with industry including Network Rail and DfT, and is being used in engagement with Network Rail and DfT to pursue the enhancements and services required for the north.
<b>Rail</b>	18	Contribute to the work of the Leeds Area Study as part of the implementation of the IRP	Delay <span style="float: right;">■</span>
			Network Rail has been asked to lead the Leeds Area Study, which will examine HS2 connections to Leeds and connections between Bradford and Leeds. The terms of reference for the Study have not yet been published.
<b>Strategy/Road/Rail</b>	19	Deliver projects on BSIP's, hydrogen and local mobility in support of partners	In Progress <span style="float: right;">■</span>
			Working jointly with TAME, the team has commissioned a supplier to help development of tools to support partners Bus Service Improvement Plans. The inception meeting has been scheduled for early October.
<b>Road</b>	20	Submit to DfT an update on progress with the implementation of the Major Road Network Programme	On Track <span style="float: right;">■</span>
			To be completed Q4 of 2022/23.



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**Meeting:** Audit and Governance Committee  
**Subject:** Financial Update  
**Author:** David Spilsbury – Interim Financial Controller  
**Sponsor:** Paul Kelly – Interim Finance Director  
**Meeting Date:** Friday 18 November 2022

- 1.1 To update on the current financial position in the financial year 2022/23.
- 1.2 Performance against the Treasury Management Strategy is reported as required by the TfN Constitution.

**2. Recommendations:**

The Committee is recommended to note and consider:

- 2.1 • Financial performance to September 2022;
- 2.2 • Budget Revision 2; and
- 2.3 • Compliance with Treasury Management Strategy.

**3. Main Issues:**

Financial Position 2022/23

- 3.1 The financial performance for the 6 months to September 2022 is summarised below:

	Actuals	Budget	Var.	Var.
	£m	£m	£m	%
<b>Hosted Services</b>				
NPR Programme Closure	£0.23	£0.27	£0.04	15%
NPR Analytical Support	£2.31	£2.63	£0.32	12%
Rail North Partnership	£0.69	£0.83	£0.14	17%
	<b>£3.23</b>	<b>£3.73</b>	<b>£0.50</b>	<b>13%</b>
<b>Operational Areas</b>				
Strategy & Policy	£0.95	£0.96	£0.01	1%
Major Roads	£0.19	£0.18	-£0.01	-5%
Strategic Rail	£0.47	£0.50	£0.03	7%
Back Office	£2.73	£3.36	£0.63	19%
	<b>£4.34</b>	<b>£5.00</b>	<b>£0.66</b>	<b>13%</b>
	<b>£7.57</b>	<b>£8.73</b>	<b>£1.16</b>	<b>13%</b>

- 3.2 Overall by the end of September we had planned to spend £8.73m and have actually spent £7.57m, an underspend of £1.16m (13%). This underspend was driven by lower than planned expenditure in Hosted Services and transition costs in Operational Areas

### 3.3 *Hosted Services*

Expenditure of £3.23m YTD represents an underspend of £0.50m (13%). Expenditure in these areas is subject to dedicated funding streams which cannot be repurposed.

NPR Programme Closure:

YTD expenditure of £0.23m is £0.04m below budget. This reflects reduced closure costs due to redeployment of personnel and reduction in infrastructure costs where contractual terms have allowed.

NPR Analytical Support:

Expenditure of £2.31m YTD, represents an underspend of £0.32m (12%). This is predominantly due to a lower than anticipated expenditure rate on the RMAP contract. Discussions are on-going with the DfT regarding additional analysis requirements to make best use of the available funding.

Rail North Partnership:

Expenditure of £0.69m YTD, is £0.14m under budget. This predominantly relates to the TRU contract where there have been two vacancies since the start of the year, one of which has been recruited in September.

### 3.4 *Operational Areas:*

Expenditure of £4.35m YTD, represents an underspend of £0.66m (13%). This is mainly due to lower than budgeted transition costs. These are partially offset by increased staff costs with the continuation of interim and agency staff while recruitment to the new organisational structure continues. Although further transition costs are pending, it is anticipated that there will be a net underspend in relation to staff and transition of c£0.30m. This one off "saving" will flow into reserves for use in future years.

3.5 There have been a range of virements approved to date and these are captured in Budget Revision 2.

#### Budget Revision 2

3.6 Based upon the latest information, including the position at 30 September, Budget Revision 2 has been constructed. Overall, this revision does not alter the funding envelope, which indicates that the funding approved by the Board in June is expected to be sufficient for the year.

<b>Expenditure</b>	<b>Original £m</b>	<b>Revised £m</b>	<b>Change £m</b>
Operational Areas	8.84	8.84	-
Rail North Partnership	1.60	1.60	-
NPR Analytical Support	5.66	5.66	-
NPR Closure Costs	0.41	0.41	-
	<b>16.51</b>	<b>16.51</b>	-
<b>Funding</b>			
Core grant	6.50	6.50	-
In-Year funding	0.34	0.34	-
Use of Reserves	1.66	1.66	-
	8.50	8.50	-
Contract Income	0.04	0.04	-
Rail North Grant/Local Contributions	0.30	0.30	-
<b>Core Duties</b>	<b>8.84</b>	<b>8.84</b>	-
<i>Hosted Services:</i>			
TDF Rail Modelling	5.66	5.66	-
Rail North Partnership Grant	0.96	0.96	-
Rail North Grant/Local Contributions	0.35	0.35	-
Contract Income	0.29	0.29	-
NPR Closure Settlement	0.41	0.41	-
<b>Hosted Services</b>	<b>7.67</b>	<b>7.67</b>	-
<b>Total Funding</b>	<b>16.51</b>	<b>16.51</b>	-

3.7 Most of the changes have arisen within Operational Areas of the business, and more detail is provided showing this below.

<b>Operational Expenditure</b>	<b>Original £m</b>	<b>Revised £m</b>	<b>Change £m</b>
Major Roads	0.31	0.47	0.16
Strategy & Policy	2.26	2.17	- 0.09
Strategic Rail	1.20	1.35	0.15
Business Capabilities	2.46	2.46	-
Finance	0.82	0.60	- 0.22
Leadership	0.35	0.35	-
	7.40	7.40	0.00
Transition costs	1.44	1.44	-
<b>Total Operational:</b>	<b>8.84</b>	<b>8.84</b>	<b>0.00</b>

The Finance budget line has been used to capture the savings required to support virement to date. This will correct later in the year as other savings are realised.

Savings in the region of £0.3m are anticipated in transition costs. Any saving in this area will increase reserves for financial planning of future years.

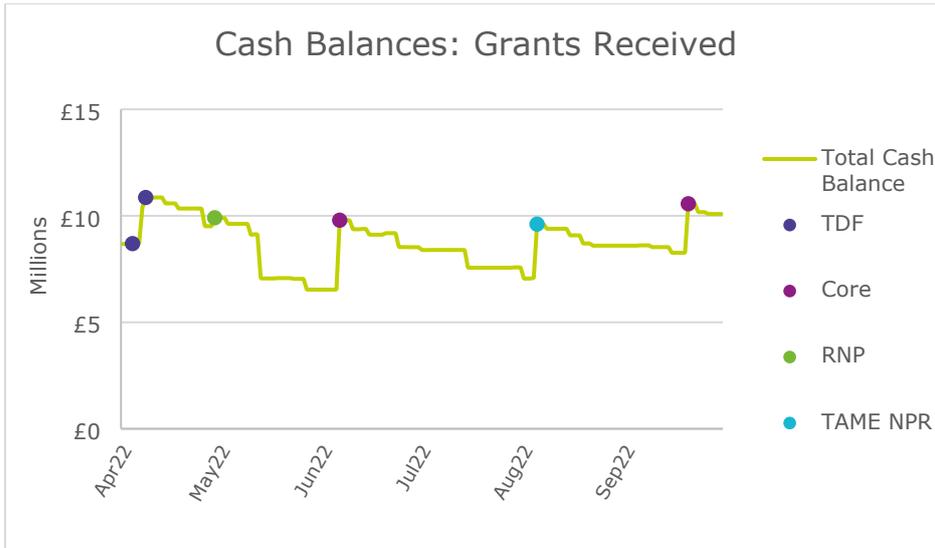
#### Mid-Year Treasury Management Update

3.8 TfN's constitution obliges officers to report to Board at the mid-year mark on performance against the Treasury Management Strategy. Unlike many partner bodies, TfN is prohibited from borrowing. Therefore the strategy directs how TfN will manage cash and investments.

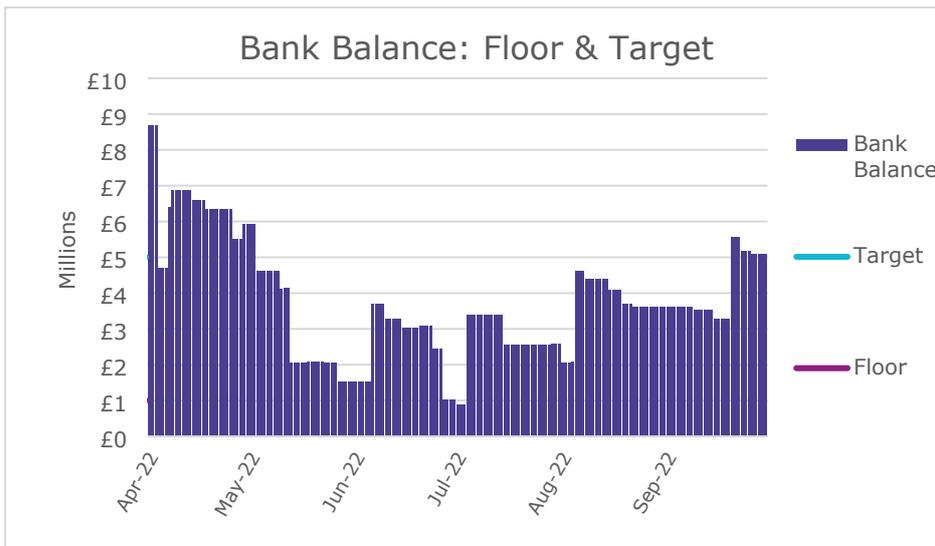
In 2022/23 to date, TfN has operated within the parameters set out in its Treasury Management Strategy.

3.9

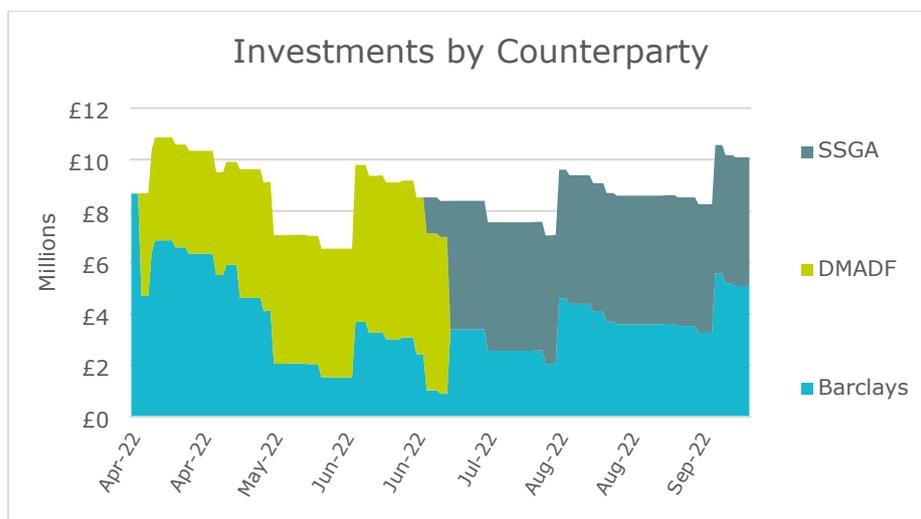
The following charts showing performance against key parameters. It shows that TfN has managed cash and investments within its counterparty criteria, placing cash deposits with secure bodies and institutions on liquid terms.



The principal source of income is grant from DfT which is received periodically leading to the pattern of cash balances shown above i.e. a peak on receipt of grant followed by a gradual run down of balances until the next grant instalment is received.



We aim to ensure that an adequate but not excessive balance is maintained in the main business bank account. This gives us a target of holding between £1m and £5m. As can be seen above, the business bank balance has usually fluctuated between these values. For three days in July we held a balance just below the floor (£0.9m) as we transitioned between investment types. At times we have held a balance above £5m as we paused investment awaiting a suitable opportunity. Although interest and dividends have been improving in recent months, in the early part of the year the interest return on our business account was favourable compared to alternatives at a similar level of security which were available.



During the year we have sustained a suitable balance in Barclays, our business bank account. Interest rates started to change in June/July and in response to better yields being available at high levels of security we shifted temporarily surplus funds away from DMADF (UK Government) into a money market fund with SSGA (AAA credit rated by S&P and Fitch).

It is worth noting that the interest rate environment has been changing significantly recently with new opportunities becoming available for secure investment of temporarily surplus cash. We are likely to see new counterparties emerge in the remainder of the financial year.

However, whilst we will continue to keep the position under review there is no intention at present to change the focus of our Treasury Management Strategy and its prioritisation on security and liquidity over yield.

#### **4. Corporate Considerations:**

##### **4.1 Financial Implications**

The financial implications are included within the report.

##### **4.2 Resource Implications**

There are no HR implications.

##### **4.3 Legal Implications**

There are no legal implications.

##### **4.4 Risk Management and Key Issues**

This report does not significantly alter our assessment of risk and all risks are captured within our risk registers.

##### **4.5 Environmental Implications**

There are no environmental implications.

##### **4.6 Equality and Diversity**

There are no quality and diversity matters.

##### **4.7 Consultations**

No consultation is required.

#### **5. Background Papers**

##### **5.1 2022/23 Budget**

#### **6. Appendices**

None

## **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) TfN	Transport for the North
b) NPR	Northern Powerhouse Rail
c) YTD	Year to Date
d) TRU	TransPennine Route Upgrade
e) RMAP	Rail Modelling & Appraisal Partner
f) DfT	Department for Transport
g) TDF	Transport Development Fund
h) RNP	Rail North Partnership
i) TAME	Technical Assurance, Modelling and Economics
j) SSGA	State Street Global Advisors
k) DMADF	Debt Management Account Deposit Facility
l) S&P	Standard & Poor's

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<b>Meeting:</b>	Transport for the North Audit and Governance Committee
<b>Subject:</b>	Internal Audit Update
<b>Author:</b>	Paul Kelly, Interim Finance Director
<b>Sponsor:</b>	N/A
<b>Meeting Date:</b>	Friday 18 November 2022

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**1. Purpose of the Report:**

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

**2. Recommendations:**

- 2.1 That the Committee notes the Internal Audit reports.

**3. Audit Key Points:**

- 3.1 To support the progress of the internal audit programme, RSM have provided the following reports for consideration:

- Progress report
- Risk Maturity Review

- 3.2 RSM will brief members on the contents and findings of these reports and field any questions during the meeting.

**4. Corporate Considerations:****Financial Implications**

- 4.1 The financial implications are detailed in the report

**Resource Implications**

- 4.2 There are no resource implications as a result of the report.

**Legal Implications**

- 4.3 There are no legal implications as a result of the report.

**Risk Management and Key Issues**

- 4.4 The risks associated with the audits are detailed in the report.

**Environmental Implications**

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

**Equality and Diversity**

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

**Consultations**

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

**5. Background Papers:**

5.1 There are no background papers to this report.

**6. Appendices:**

6.1 Appendix 1 Progress Report

# TRANSPORT FOR THE NORTH

## Internal Audit Progress Report

18 November 2022

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



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# 1 Key messages

The internal audit plan for 2022/23 was approved at the February 2022 Audit and Governance Committee meeting.

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



One audit assignment has been completed since the last Audit and Governance Committee meeting. This relates to the Risk Maturity (3.22/23) review. This was an advisory report and hence a formal assurance opinion was not given, but four management actions were agreed with management (consisting of three 'low' priority management actions and one 'medium' priority management action). More detail is provided in section two below. [\[To discuss and note\]](#)



One change has been made to the internal audit plan 2022/23 since the last Audit and Governance Committee meeting. This change relates to the postponement of the General Data Protection Regulation (GDPR) review from September 2022 to November 2022. Following the last meeting of the Audit and Governance Committee, consideration was given to replacing the Health and Safety Framework review with a review around Project Management Arrangements. Further discussions are taking place with management to scope this further. Further details are included within Appendix A below. [\[To note\]](#)

## 2 Reports

### 2.1 Summary of final report being presented to this committee meeting

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

Assignment	Opinion issued	Actions agreed		
		L	M	H
<b>Risk Maturity Review (3.22/23)</b>	Advisory	3	1	0

No formal assurance opinion has been provided in this report due to the advisory nature of the review. However, this review includes an assessment of where TfN sits on the spectrum of RSM's risk maturity matrix (see below). Through our work we were able to confirm that the TfN has established processes in place for the identification and assessment of both current and inherent risk, and for the reporting of this risk information to the Operating Board, Audit and Governance Committee and TfN Board members. This includes improvements to the way in which risk-related information is recorded and reported.

However, whilst clearly established risk management processes are in place, we have included four management actions in this report which are designed to support the ongoing developments in this area. These actions include developing a Board Assurance Framework, utilising the Predict Risk Management System to its full potential and performing deep dives into risk areas that sit outside of the agreed risk appetite. These should further enhance and develop TfN's risk management framework, and work towards the 'enabling' risk maturity level (as outlined on the risk maturity matrix).

## 2.2 Themes arising from control observations in 2022/23 reports

	Advisory	Low	Medium	High
Planning	0	0	0	0
Policies and / or procedures	0	0	0	0
Non-compliance with policies / procedures	0	0	0	0
Design of the control framework	0	0	1	0
Training / awareness for staff	0	0	0	0
Management or performance information	0	0	0	0
Lack of segregation of duties	0	0	0	0
Poor record keeping	0	1	0	0
Risk Management	0	0	0	0
Governance weaknesses	0	2	0	0
Information technology	0	0	0	0
Management actions from previous audit reports	0	0	1	1
<b>Total</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>1</b>

No arising themes have been detected through our work conducted at this time. Themes will continue to be analysed throughout 2022/23 following the completion of each audit assignment.

## Appendix A – Progress against the internal audit plan 2022/23

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Target Audit and Governance Committee (as per IA plan 2022/23)	Actual Audit and Governance Committee
		L	M	H		
Follow Up (1.22/23)	Resonable Progress	19 of 21 actions completed			June 2022	June 2022
Payroll (2.22/23)	Substantial Assurance	0	0	0	November 2022	September 2022
Risk Maturity Review (3.22/23)	Advisory	3	1	0	November 2022	November 2022
General Data Protection Regulation Arrangements (4.22/23) *	Due to commence 28 November 2022	n/a			February 2023	n/a
Health and Safety Framework (5.22/23) **	Due to commence 12 December 2022	n/a			February 2023	n/a
Equality, Diversity and Inclusion Framework (6.22/23)	Due to commence 12 December 2022	n/a			February 2023	n/a

\* The General Data Protection Regulation Arrangements review was postponed at the request of management. We have agreed with Management that this review will be conducted in November 2022.

\*\* Following the last meeting of the Audit and Governance Committee, consideration was given to replacing the Health and Safety Framework review with a review around Project Management Arrangements. Further discussions are taking place with management in regards to the scope.



## Appendix B – Other matters

### On-going liaison and internal audit plan 2022/23

The internal audit plan 2022/23 and three year strategy were approved at the February 2022 Audit and Governance Committee meeting. Ongoing liaison has taken place between RSM and the Finance Director throughout the year to discuss progress against the internal audit plan.

In addition our Risk Advisory Team are liaising with the Risk Manager to provide support and advice in regards to developing an Assurance Framework.

### Quality assurance and continual improvement

To ensure that RSM remains compliant with the IIA standards and the financial services recommendations for Internal Audit, we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews being used to inform the training needs of our audit teams.

The Quality Assurance Team is made up of; the Head of the Quality Assurance Department (FCA qualified) and an Associate Director (FCCA qualified), with support from other team members across the department. This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.



## For more information contact

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

Our report is prepared solely for the confidential use of Transport for the North and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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

# Transport for the North

Risk Maturity Review

Final Report 3.22/23

17 October 2022

# Contents

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# Executive Summary

## Background

As part of the approved internal audit plan for 2022/23, we have undertaken an advisory review to assess Transport for the North's ('TfN's) risk maturity status.

TfN faces a wide range of risks at all levels across the organisation, and hence risk management is integral to the achievement of its strategic objectives. TfN revised its Risk Management Strategy in September 2022 to incorporate a clearly defined risk appetite, a new '5x5' risk scoring matrix, in addition to setting out the responsibilities and accountabilities of key staff, committees and the TfN Board with respect to risk management. According to the Risk Management Strategy, TfN defines its risk appetite as 'cautious', which is defined by the Orange Book (2021) as:

*"A preference for safe options that have low degree of risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity."*

TfN currently use the Predict Risk Management System for the recording of risk-related information (this includes TfN's project, functional and corporate risk registers). The Predict Risk Management System allows a complete record of all risks, controls, and actions and is automated such that risk owners are assigned to risks and notified when risks are due for review.

At the time of our review (September 2022), the Group had a total of 25 risks recorded on its corporate risk register. Of these 25 risks, six risks had 'red' ratings (very high), 12 risks had 'amber' ratings (high), seven risks had 'yellow' ratings (medium). Further to this, the risk register includes two opportunities, that were rated 'medium' and 'high' in line with the scoring matrices outlined in the Risk Management Strategy.

As part of our review, we conducted focus meetings with a Risk Champion, a member of the Senior Management Team (SMT) and the Chair of the Audit and Governance Committee. We have integrated feedback from these conversations into our findings throughout this review.

The new Risk Manager has continued to further embed the Predict Risk Management system. In our 2021/22 audit, it was noted that TfN did not define its assurance sources in terms of defined assurance mechanisms. We also noted that an 'Assurance Framework' was being developed by TfN to set-out the structures and processes that would support the delivery of the organisation's Investment Programme. This is recognised as an area of development by the Risk Manager. Our Risk Advisory team has been in contact with TfN to provide continued support and advice on the evolving of the Board Assurance Framework.

# Executive Summary

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## Conclusion

No formal assurance opinion has been provided in this report due to the advisory nature of the review. However, this review includes an assessment of where TfN sits on the spectrum of RSM's risk maturity matrix (see below). Through our work we were able to confirm that the TfN has established processes in place for the identification and assessment of both current and inherent risk, and for the reporting of this risk information to the Operating Board, Audit and Governance Committee and TfN Board members. This includes improvements to the way in which risk-related information is recorded and reported.

However, whilst clearly established risk management processes are in place, we have included four management actions in this report which are designed to support the ongoing developments in this area. These actions include developing a Board Assurance Framework, utilising the Predict Risk Management System to its full potential and performing deep dives into risk areas that sit outside of the agreed risk appetite. These should further enhance and develop TfN's risk management framework, and work towards the 'enabling' risk maturity level (as outlined on the risk maturity matrix).

# Risk Maturity Assessment

		Increasing risk maturity			
		Emerging	Developing	Maturing	Enabling
		Informal approach to risk management	Risk management approached and adopted to meet basic expectations of stakeholders	Risk management approach built into normal business practise	Risk management supports the delivery of strategic objectives
Governance	→	Risk management only considered at certain levels of the business	A defined risk management approach and risk is captured at all levels of the business	An established risk management approach with clear linkages between each risk level	Risk management directly informs business planning and supports business decisions
Risk Identification	→	Ad hoc risk identification	Annual risk assessment	Continuous risk identification undertaken with clearly defined risks using cause and effect	In the activities of the organisation Risk identification embedded for all operations
Risk Assessment	→	Basic risk assessments using impact and likelihood	Identification of a risk scoring matrix with clearly defined definitions for impact and likelihood	Consistently applied risk scoring methodology assessing risk both inherently and residually	Management challenge and consider risk appetite for each risk type
Risk Mitigation	→	Mitigations identified that manage risk	Mitigations are specifically separated between existing controls and identified actions	Efficient and effective mitigations established	Mitigations are achieving the required outcomes
Assurance	→	Assurance mechanisms in place	Assurance mechanisms are defined and reported on	Direct linkage between assurances and mitigations	Assurance outcomes are used to drive to inform the organisational risk profile
Monitoring & reporting	→	Informal communication of risk	Cyclical risk management reporting	Risk management 'check and challenge' at all levels of the business	Risk management used to optimize decision making

# Key Findings

## Governance

TfN has a Risk Management Strategy document, which provides details of roles, responsibilities and high-level processes relating to the risk management activities, including the scoring framework and risk appetite employed at TfN. The Risk Management Strategy document was reviewed and approved by the Audit and Governance Committee on 21 September 2022 and is available for staff to access on the TfN SharePoint.

Roles and responsibilities of the groups that oversee the risk management activities are also stated in the relevant terms of reference (these include the Operating Board and the Audit and Governance Committee). However, we noted through review of the TfN Board terms of reference that responsibilities with respect to risk management are not clearly defined. Through discussions with the Risk Manager, we were informed that this is because responsibility has been delegated to the Audit and Governance Committee. As we were able to observe the Audit and Governance Committee discharging this delegated responsibility in practice, and it is clearly defined in the Audit and Governance Committee terms of reference, we do not consider this to be an issue and have not raised a management action in this area. It was further noted that the delegated responsibility is clearly defined within the Risk Management Strategy.

All staff receive mandatory risk management training as part of the induction process. This training package was being redeveloped at the time of our review to incorporate the changes that have been made to the Risk Management Strategy. Additional training has been developed for Risk Champions at TfN, which outlines the changes made to the Risk Management Strategy, in addition to the roles and responsibilities of Risk Champions with respect to risk workshops and risk conversations with responsible owners within their functional areas. Both training packages were being redeveloped at the time of our review and delivered to relevant staff. As such, we did not test compliance with these training packages.

## Risk Identification

All risk registers are recorded on the Predict Risk Management System (including corporate, functional and project level risk registers). Each risk register is divided into sub-categories with individual risks outlined. Access restrictions are established to prevent unauthorised amendment of risks and a list of all users is retained by the Risk Manager.

Each functional area has a designated Risk Champion who manages the functional risk register and the project risk register. The Risk Manager acts as the Risk Champion for the corporate risk register. Risk Champions hold monthly risk workshops with risk owners in their department and review each risk. These workshops act as a 'check and challenge' and focus on review of the wording of the risk, the current risk rating and whether this is appropriate, the controls (ongoing 'business as usual' activities), mitigating actions (measures taken to reduce the possibility of the risk event occurring) and fallback actions (how to minimise the impact after the event) for each risk and if all risks have been considered. We selected a sample of five risk registers and tested to ensure three risk workshops had occurred in the last three months (September, August and July). Testing identified no exceptions.

# Key Findings

However, through our walkthrough of the Predict Risk Management System, we identified that a 'progress' update section is available, which allows users to add comments to each risk. The Risk Manager identified that Risk Champions should be populating this progress tab following each workshop to detail what was discussed and the result of those discussions, however from a review of the system, it was noted that this is not being fully utilised. This would be in line with good practice, as it demonstrates a clear audit trail of discussions and that each risk is being considered in the context of the current environment to ensure it is appropriate. At present, there is a risk that scrutiny of risks is not being fully captured and hence we have raised a management action below.

The Risk Manager further chairs a Risk Champion forum on a monthly basis, which allows discussion regarding arising issues across TfN and sharing of good practice. Through review of agendas from February, April and May 2022 we identified discussion surrounding key risk themes and feedback from monthly risk reviews.

## Management action 1:

Risk Champions will ensure all areas of the Predict Risk Management System are utilised, including:

- Progress update – the progress function will be utilised to record decisions made during monthly risk workshops regarding each risk; and
- The basis for assessment – the basis for assessment box will be completed to record the rationale for the current risk score. (Please refer to next section for details)

**Priority:** Low

**Responsible owner:** Daniella Della-Cerra Smith, Risk Manager

**Implementation Date:** 31 May 2023

*(Progress against this management action has already started, however we have set an implementation date to allow the control to be fully embedded)*

## Risk Assessment and Risk Appetite

TfN uses a 5x5 risk scoring methodology which is built into the Predict Risk Management System to ensure all risks are scored using a consistent methodology. Each risk owner must score their risks utilising an assessments of 'probability' and 'impact' using a defined scoring system (guidance is provided in the Risk Management Strategy to support the risk assessment scores). Impact is scored against five impact areas (external relationships, financial, quality, reputation, and time), with the highest scoring impact multiplied by the probability score to get the overall risk score. Each risk is assessed both in terms of its 'initial score' and its 'current score', and a target risk score is included, which records the risk score TfN wishes to achieve utilising controls and mitigating actions.

The Predict Risk Management System includes a 'basis for assessment' tab, which should be utilised to record the rationale behind the risk score assigned. We selected a sample of five risks (across the corporate risk register, the functional risk registers and project risk registers) and tested to ensure the 'basis for assessment tab' had been completed. Testing identified that in 5/5 cases, no basis for assessment had been included for the risk. Where this is the case, the rationale behind the risk rating is not clearly noted, such that when the risk is reviewed, the rationale cannot be challenged or critically assessed. Please refer to management action one above.

# Key Findings

A high-level risk appetite statement is included in the Risk Management Strategy, which defines TfN's appetite as 'cautious', with risks with a current risk score of 14 or above being outside of the risk appetite. Through review of the corporate risk register, we identified that in 19/27 cases, the current risk score falls outside of the risk appetite. Where a risk falls outside the risk appetite, the following measures are established:

- The risk will have a 'fallback plan' in the Predict Risk Management System – the Risk Manager informed us that this control was recently implemented and hence not all risks have fallback plans at the time of this review. This is a work-in-progress and hence we did not complete sample testing in this area;  
The risks will be drawn out in reporting to Operating Board, the Audit and Governance Committee and the TfN Board; and  
The risks will be reviewed on a monthly basis as part of the risk workshop, with a focus on the mitigating actions and whether any further actions can be put in place.
- However, aside from the above measures, no further measures are put in place for risks that fall outside of TfN's risk appetite. Whilst we appreciate that the risk rating for these risks are outside of the control of TfN, management may wish to consider putting some additional measures in place to provide the Audit and Governance Committee and the TfN Board with additional assurance regarding the control of areas that fall outside the risk appetite. Through our work, we often observe risk deep dives being conducted into a sample of risks that fall outside of the risk appetite.

These deep dives are concerned with looking at the controls and mitigating actions established by TfN to control the risk, but also the fallback plans that have been established should the risk be realised, and aim to provide the Committee with assurance that the risk is being appropriately handled. Deep dives have previously been considered by the Audit and Governance Committee and should be recommenced in line with good practice. It is acknowledged that there is a requirement to re-focus on risk appetite, recognising the current economic climate and financial constraints.

#### **Management action 2:**

The Audit and Governance Committee will perform a deep dive into a chosen risk from the corporate risk register in November 2022. Following this, a programme of risk deep dives will be agreed with the Audit and Governance Committee for 2023. Deep dives will include risks that fall outside of TfN's risk appetite, emerging risk areas, or risks that are showing volatility in risk rating. These deep dives will focus on the controls, actions and fallback plans established to mitigate the risk to TfN and provide assurance that the risk is appropriately scored and controls are operating effectively.

**Priority:** Low

**Responsible owner:** Daniella Della-Cerra Smith, Risk Manager

**Implementation Date:** 28 February 2023

# Key Findings

## Risk Mitigation

The risk register includes details of the existing internal controls relevant to each risk, in addition to mitigating actions (measures taken to reduce the possibility of the risk event occurring) and fallback actions (how to minimise the impact after the event). Each control and action is assigned to a risk owner and is assigned a review date (which is set in line with the monthly risk workshops) and an implementation date. The Predict Risk Management System notifies all owners when actions are due for implementation and actions are reviewed as part of the risk workshops. The Risk Manager reviews a dashboard produced from the Predict Risk Management System on a weekly basis, which details all outstanding actions that have not been reviewed or implemented by their target date (there were no outstanding actions at the time of our review). The mitigating actions and controls are additionally detailed in the corporate risk register which is presented to the Audit and Governance Committee.

## Assurance

TfN do not currently have a function in place to allow for effective assurance mapping in line with the three lines of assurance model. Where this is the case, the TfN Board and Audit and Governance Committee cannot easily assess the assurance mechanisms in place for each risk area and hence effectively identify and assess TfN's vulnerable risk areas.

In the absence of more specific assurance information it may be difficult for the reader to have a clear understanding of how the mechanisms in place provide assurance over the effectiveness of the related controls. Additionally, the absence of documented timings/dates may make it difficult for the reader to understand the timeframes involved and this might have an impact of the reader's ability to monitor the effectiveness and relevance of the assurances and whether these are positive or negative.

### Management action 3:

- a) TfN will establish a Board Assurance Framework, which will include the main areas of risk for TfN and where TfN gets assurance in each area. This Board Assurance Framework will provide for cyclical assessment of controls and the provision of assurance and will be clearly detailed within the Risk Management Strategy.
- b) The Risk Manager will work alongside Risk Owners for the key corporate risks to ensure the Board Assurance Framework is embedded and applied for all assurance areas.

**Priority:** Medium

**Responsible owner:** Daniella Della-Cerra Smith, Risk Manager

**Implementation Dates:**

- a) 31 March 2023
- b) 31 October 2023

# Key Findings

## Monitoring and Reporting

The Operating Board is responsible for the implementation of the Risk Management Strategy. This includes the receipt of the corporate risk register on a quarterly basis, in addition to the escalation of functional and project level risks on a judgemental basis. Through review of meeting minutes and papers from 22 February, 17 May and 6 September 2022 we identified that a risk update and copy of the corporate risk register was presented and discussed. Through discussions with the Risk Manager, we were informed that functional and project risks are escalated to the Operating Board where appropriate. Through review of the Risk Management Strategy, the process for escalation states that only very high or high risks will be escalated, and this will be done on an ad hoc basis. TfN should clearly define when these risks should be escalated to reduce the risk that key risk areas are not escalated or deescalated as appropriate.

Further to this, the Audit and Governance Committee meet on a quarterly basis and receive TfN's corporate risk register. Through review of meeting minutes and papers from 10 June 2022, 14 July 2022 and 21 September 2022 we identified that a risk update, and copy of the corporate risk register was presented at each meeting. Through review of meeting minutes, we identified scrutiny of the corporate risk register, including whether 'loss of knowledge' and the 'severance process' should be included, and whether Key Performance Indicators (KPIs) from the Business Plan 2022/23 could be included. These suggestions have been subsequently actioned by the Risk Manager and presented to the Audit and Governance Committee. This demonstrates the 'check and challenge' principle at Committee level.

The oversight of the risk management framework is delegated to the Audit and Governance Committee by the TfN Board and hence, the TfN Board receive the corporate risk register and a risk update on a bi-annual basis. Through review of the meeting minutes from 29 September 2021 and 30 June 2022 we identified receipt and discussion of the risk update and corporate risk register.

We additionally obtained a sample of five papers from the two meetings above to ensure that the relevant risk had been considered. Through our review, we noted that a section is included in all TfN Board reports titled 'Risk Management and Key Issues'. In the sample of five reports, all included a narrative on risk, with two reports referencing a specific risk reference from the corporate risk register, one referencing the risk by description and two papers referencing that a risk assessment had been carried out. As risk had been considered in each paper, we do not consider this to be an issue.

### Management action 4:

The Risk Management Strategy will be amended to include the factors that will be considered when escalating risks to the Operating Board. This could include risks that exceed the TfN risk appetite or could be driven by strategic themes outlined within the Business Plan.

**Priority:** Low

**Responsible owner:** Daniella Della-Cerra Smith, Risk Manager

**Implementation Date:** 31 December 2022

# Key Findings

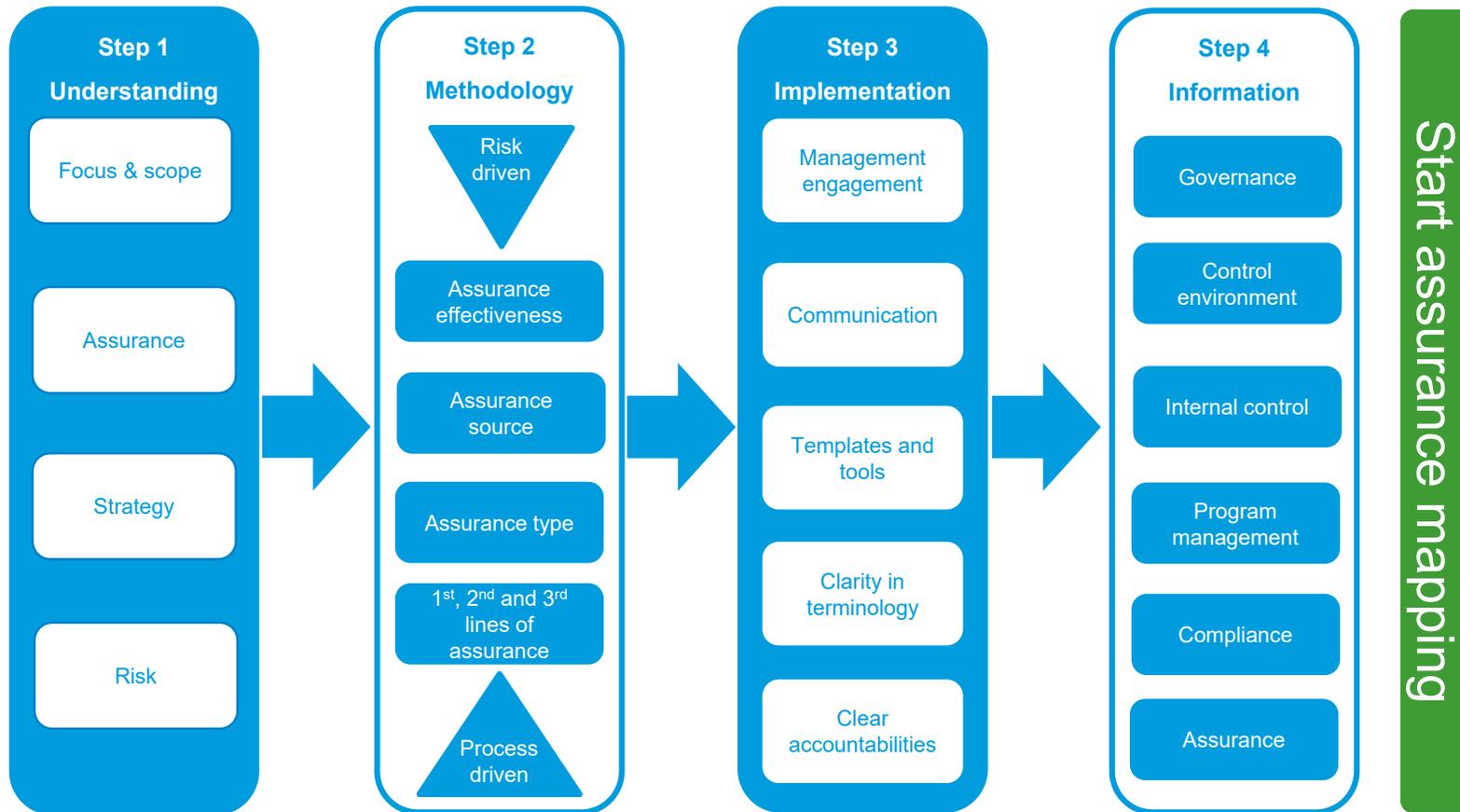
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## Good practice to consider

We noted the following area of good practice for TfN to consider:

- From a good practice point of view, the corporate risk register should contain 10-12 of the keys risks facing the organisation, that will stop TfN from achieving its corporate objectives. A higher number than this can become unwieldy and harder to prioritise and report, leading to the TfN Board and Audit and Governance Committee not being able to digest such an amount of information. Whilst we have not raised a management action to address this, management may wish to consider the existing risks to ensure that they meet the definition of a corporate risk and are truly strategic in nature, whilst considering the ability to achieve its objectives. Once the Board Assurance Framework has been embedded and applied, TfN may wish to incorporate wider risks outside the key corporate risks into the framework.

# Appendix A: Assurance mapping – the key steps



# Appendix B: Detailed scope

Objective of the area under review:	There is an effective risk management framework in place at TfN that is fit for purpose.
Areas for consideration	<p><b>Information Gathering</b></p> <ul style="list-style-type: none"> <li>• Desktop review of key documents i.e. risk registers, risk reports and risk management strategy.</li> <li>• Conduct meetings with Risk Champions to gain an insight into the views and understanding of risk management.</li> </ul> <p><b>Analysis, Interpretation, Check, Challenge and Conclusion</b></p> <ul style="list-style-type: none"> <li>• Comparison of outcomes from above with best / leading practices (based on RSM experience) and UK standards.</li> <li>• Virtual check and challenge meeting to discuss outcomes with TfN management.</li> <li>• Agree risk maturity assessment and identify where TfN wants to be in the future.</li> <li>• Agree areas for development.</li> </ul> <p><b>Develop improvement road map</b></p> <p>Formulate actions to accommodate areas for development, with priorities, coupled with expected outcomes.</p>
Limitations to scope	<ul style="list-style-type: none"> <li>• This is an advisory review, as such no formal opinion will be provided;</li> <li>• We will not seek to verify the accuracy of information provided to the Board and Senior Management;</li> <li>• We do not endorse a particular means of managing information to the Board and Management. It remains the responsibility of the Board and Management to agree and manage information needs and to determine what works most effectively;</li> <li>• Any testing undertaken during the audit will be performed on a sample basis only;</li> <li>• The audit will not involve a comprehensive review of the minutes and papers and will not consider the appropriateness of decisions made;</li> <li>• Our audit is focused on controls surrounding the Risk Management process only. No other process or services undertaken by the organisation will be considered;</li> <li>• We will not comment on whether individual risks are appropriately managed, or whether TfN has identified all of the risks and opportunities it faces;</li> <li>• We will not comment on the appropriateness of risk assessment scores/ gradings assigned by management to identified risks;</li> <li>• We do not endorse a particular means of risk management. It remains the responsibility of the Board and Management to agree and manage information needs and to determine what works most effectively for the organisation;</li> <li>• Conclusions will be based on our assessments made through discussions with management, assessment of the current framework of controls and review of relevant documentation made available; and</li> <li>• Our work does not provide absolute assurance that material errors, loss or fraud do not exist.</li> </ul>

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<b>Debrief held</b>	11 October 2022
<b>Draft report issued</b>	14 October 2022
<b>Responses received</b>	17 October 2022
<b>Final report issued</b>	17 October 2022

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### Client sponsor

Paul Kelly, Finance Director

### Distribution

Paul Kelly, Finance Director

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<b>Meeting:</b>	Transport for the North Audit and Governance Committee
<b>Subject:</b>	External Audit Update
<b>Author:</b>	Paul Kelly, Interim Finance Director
<b>Sponsor:</b>	N/A
<b>Meeting Date:</b>	Friday 18 November 2022

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**1. Purpose of the Report:**

- 1.1 TfN's External Auditor, Mazars will report on the progress of the External Statutory audit. There will also be a verbal update on PSAA provided by TfN.

**2. Recommendations:**

- 2.1 That the Committee notes the External Audit Progress report including updates on the 2020/2021 and 2021/2022 audits and the provision of recent relevant reports and publications for information.

**3. Key Points:**

- 3.1 Mazars have provided an Audit Progress report for the 2020/21 and 2021/22 financial years. The report notes the areas that require resolution before the final audit certificate can be issued and represent areas scheduled for completion or dependent on third party actions to allow completion, eg pension fund sign off and completion of whole of government accounts ("WGA").

Any further updates will be captured as part of the update at the meeting.

**4. Corporate Considerations:****Financial Implications**

- 4.1 The financial implications are detailed in the report

**Resource Implications**

- 4.2 There are no resource implications as a result of the report.

**Legal Implications**

- 4.3 There are no legal implications as a result of the report.

**Risk Management and Key Issues**

- 4.4 The risks associated with the audits are detailed in the report.

**Environmental Implications**

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

**Equality and Diversity**

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

**Consultations**

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

**5. Background Papers:**

5.1 There are no background papers to this report.

**6. Appendices:**

6.1 Appendix 1 – External Audit Progress Report

# Audit Progress Report

## Transport for the North

November 2022

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1. Audit Progress
2. National publications

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# 01

## Section 01: **Audit Progress**

# Audit progress

## Purpose of this report

This report provides the Audit and Governance Committee's November 2022 meeting with updates on:

- the 2020/21 and 2021/22 audits in this section; and
- recent relevant reports and publications for your information in Section 2.

### 2020/21 Audit

Although we have completed our audit of the financial statements and our value for money work, we are still unable to provide our certificate closing the 2020/21 audit until we have completed our work on the whole of government accounts return to the National Audit Office (NAO). The NAO has issued its auditor instructions for the 2020/21 WGA process but further clarification on some key points is required.

### 2021/22 Audit

We presented our Audit Completion Report to the Audit and Governance Committee on 21 September 2022 and reported that there were a number of items outstanding, including the pension fund assurance letter, review of the narrative report, review and closure procedures and submission of the whole of government accounts return for 2021/22. An update on each of these matters is shown below.

At the time of submitting this progress report, we have not yet received the pension fund assurance letter but will update Members at the Committee meeting;  
We have completed our review of the narrative report and have no matters to bring to your attention;  
We will undertake our final review and closure procedures on file once all work is complete; and  
We are awaiting guidance from the NAO for the whole of government accounts return 2021/22.

Our work on your 2021/22 Value for Money arrangements will be completed within three months of signing our opinion on your financial statements in line with guidance.

# 02

Section 02:

**National publications**

# National publications

	Publication/update	Key points
<b>Chartered Institute of Public Finance and Accountability (CIPFA)</b>		
1	CIPFA : Audit Committees Practical Guidance for local authorities and police	Guidance and resources for audit committee members.
<b>National Audit Office (NAO)</b>		
2	Guide to Corporate Finance in the Public Sector	The guide uses insights from NAO stakeholder engagement and draws on NAO experience of auditing government interventions and corporate finance activities
3	Improving government data: A guide to senior leaders	The aim of the guide is to encourage decision-makers to realise the benefits of better use of data by helping them understand in more detail the core issues to be addressed which have held back progress in the past
Page 128	WGA 20-21 and 21-22	The NAO's Whole of Government Accounts (WGA) team has now issued Group Audit Instructions (GAI) and the Assurance Statement in respect of the 2020-21 and 2021-22 WGA processes
	Audit and Risk Assurance Committee effectiveness tool	NAO's effectiveness tool provides a way for ARACs to assess their effectiveness
<b>Department for Levelling Up, Housing and Communities</b>		
6	Creation of the Audit Reporting and Governance Authority	A new regulator, the Audit Reporting and Governance Authority (ARGA), to be established as the system leader for local audit within a new, simplified local audit framework.
<b>Financial Reporting Council</b>		
7	Major Local Audits – Audit Quality Inspection	The Financial Reporting Council has published its annual report on the quality of local audit work. This follows its 2022 inspections of files for the 20/21 audit cycle.

# NATIONAL PUBLICATIONS

## CIPFA

### 1. CIPFA : Audit Committees Practical Guidance for local authorities and police 2022 edition – October 2022

The guidance and suite of publications (only available for those with a subscription) has separate guidance resources for audit committee members in authorities, members of police audit committees, and a supplement for those responsible for guiding the committee. New aspects include legislation changes in Wales and new expectations in England following the Redmond Review.

The link to the publication is here: <https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition>

# NATIONAL PUBLICATIONS

## National Audit Office

### 2. Guide to Corporate Finance in the Public Sector - September 2022

The NAO recently published a guide to corporate finance in the public sector. The guide uses insights from NAO stakeholder engagement and draws on NAO experience of auditing government interventions and corporate finance activities. It covers 14 themes over three core areas:

- Principles and concepts
- Organisations and functions
- Transactions

The interactive guide contains insights from 139 NAO reports and sets out key questions for senior decision-makers to consider when overseeing corporate finance activities. It may also be of interest to professionals supporting the government to deliver a range of transactions, including commercial investments, loans and guarantees. While not directly focussed on local public services the guide may be of interest to local auditors and audited bodies.

<https://www.nao.org.uk/insights/guide-to-corporate-finance-in-the-public-sector/>

### 3. Improving government data: A guide to senior leaders - July 2022

The NAO has published Improving government data: A guide for senior leaders aimed at accounting officers, chief executives, director generals, directors and chief operating officers and people responsible for government services. The aim of the guide is to encourage decision-makers to realise the benefits of better use of data by helping them understand in more detail the core issues to be addressed which have held back progress in the past. The guide focusses on data to support the operational delivery of public services, but much of the guide will also be relevant to data for decision-making and to improve performance

<https://www.nao.org.uk/insights/improving-government-data-a-guide-for-senior-leaders/>

# NATIONAL PUBLICATIONS

## National Audit Office

### 4. Whole of government accounts (WGA)

#### WGA 2020-21 - July 2022

The NAO's Whole of Government Accounts (WGA) team has now issued Group Audit Instructions (GAI) and the Assurance Statement in respect of the 2020-21 WGA process. In a change to the process for 2020-21, HM Treasury have elected to raise the threshold for local government to £2bn, aligning it with the central government threshold. While all entities above the minor bodies threshold will continue to have to complete and submit a WGA return, only those above the threshold as set by HM Treasury will be required to have their return subject to audit.

The rights and requirements of the NAO can extend beyond the thresholds set by HM Treasury, which do not prejudice the rights of the NAO. As group auditor, the NAO WGA team will need to consider the revised HM Treasury thresholds alongside HM Treasury's developing analytical review controls to determine whether they require, for their purposes, any assurances from auditors of components who are below the HM Treasury thresholds.

The deadline for submission of returns for the 2020-21 WGA process is 31 August 2022. Completed returns should be sent to: [wgareturns@nao.org.uk](mailto:wgareturns@nao.org.uk).

#### WGA 2021-22 - August 2022

The HM Treasury wrote to component finance teams notifying them that the deadline for submitting Cycle 2 returns has been extended to 30 September 2022. As a result of this, the WGA audit team have revised the deadline for assurance statements to 30 September, to align with HM Treasury's deadline. HMT also highlighted the WGA guidance for preparers, as it can be helpful for addressing a number of general queries:

<https://www.gov.uk/government/publications/whole-of-government-accounts-2020-to-2021-guidance-for-preparers>

### 5. Audit and Risk Assurance Committee effectiveness tool – May 2022

Audit and Risk Assurance Committees (ARACs) play a crucial role in supporting the effective governance of central government departments, their agencies and arm's-length bodies.

ARACs are operating in a highly challenging context. Government organisations are managing many short- and long-term risks and are required to be resilient to a number of pressures. This has created an environment where ARACs need to be dynamic and responsive to the changing risk profiles and demands of their organisations. ARACs can see this as an opportunity to work out how they can most proactively work with the Board and accounting officer.

Against this background, NAO's effectiveness tool provides a way for ARACs to assess their effectiveness against more than just the basic requirements. It provides aspects of good practice to give ARACs greater confidence and the opportunity to meet the requirements of their role.

The effectiveness tool is a comprehensive way for ARACs in central government to assess their effectiveness on a regular basis.

<https://www.nao.org.uk/report/audit-and-risk-assurance-committee-effectiveness-tool/>

# NATIONAL PUBLICATIONS

## Department for Levelling Up, Housing and Communities

### 6. Creation of the Audit Reporting and Governance Authority – May 2022

Plans to ensure councils and local bodies are delivering value for money for taxpayers, strengthening council finances and reducing risk to public funds have been published by the government.

The government consultation response confirms plans to establish a new regulator, the Audit Reporting and Governance Authority (ARGA), as the system leader for local audit within a new, simplified local audit framework.

Ahead of ARGA's establishment, a shadow system leader arrangement will start at the Financial Reporting Council (FRC) from September 2022. This will be led by Neil Harris, who joins as the FRC's first Director of Local Audit to start up a dedicated local audit unit.

The Department for Levelling Up, Housing and Communities has been acting as interim system leader since July 2021, when it established and took the chair of the Liaison Committee of senior local audit stakeholders.

Work has already begun to address the challenges facing local audit with the government announcing a series of measures to improve local audit delays in December 2021.

The consultation response also announces plans to make Audit and Risk Scrutiny Committees compulsory for all councils, with each Audit and Risk Scrutiny Committee required to include at least one independent member. This will create greater transparency and consistency across local bodies.

The announcement comes as government today set out its wider plans to revamp the UK's corporate reporting and audit regime through a new regulator, greater accountability for big business and by addressing the dominance of the Big Four audit firms.

The government continues to work closely with stakeholders, including local bodies and audit firms, to refine proposals for implementing our commitments around system leadership, as well the range of other commitments we have made in response to the Redmond Review.

<https://www.gov.uk/government/news/greater-transparency-and-value-for-money-for-council-finance-system>

# NATIONAL PUBLICATIONS

## Financial Reporting Council

### 7. Major Local Audits – Audit Quality Inspection – October 2022

The Financial Reporting Council (FRC) has published its annual report on the quality of local audit work. This follows its 2022 inspections of files for the 20/21 audit cycle.

The headlines from the FRC report are that:

- Overall, the FRC is concerned by the timeliness of reporting in the sector. It raises this as a priority improvement area for audited bodies and auditors.
- The number of audits categorised as good or limited improvements required has remained consistent with the prior year. The FRC assessed 70% of financial statements audits as requiring no more than limited improvements. However, the FRC identified an increased number of audits as requiring significant improvements (15% in 2021/22 and none in 2020/21). It sets out that inconsistency is preventing firms from eradicating poor quality audits.
- Based on their inspections, FRC state that the quality of auditors' work on Value for Money arrangements remains high at all but one firm. Of the work inspected, 93% was categorised as good or limited improvements required (100% in the previous two years).

<https://www.frc.org.uk/getattachment/aeb9149f-7bf9-45f2-802d-ca7b055b457e/Major-Local-Audits.pdf>

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<b>Meeting:</b>	Audit and Governance Committee
<b>Subject:</b>	Preparation of the Annual Governance Statement
<b>Author:</b>	Julie Openshaw
<b>Sponsor:</b>	Paul Kelly
<b>Meeting Date:</b>	Friday 18 November 2022

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**1. Purpose of the Report:**

- 1.1 To advise Members of the need for Transport for the North to prepare an Annual Governance Statement for the financial year 2022/2023 and commence the process for doing so.

**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 this review in its Annual Governance Statement.

**3. Recommendation:**

- 3.1 That the Audit and Governance Committee notes this report and the intended timeline for preparation of the Annual Governance Statement.

**4. Discussion:**

- 4.1 The Annual Governance Statement is included in the Statement of Accounts which are published according to the legislative timetable. For the 2021/22 financial year the final approval date for the Statement of Accounts was extended to 30 November. For a six-year period commencing in the 2022/23 financial year the approval deadline will be 30 September.
- 4.2 The system of internal controls comprises all the measures taken together which Transport for the North has put in place to safeguard the expenditure of public money and to ensure value for money. These include Transport for the North's financial regulations and contract procurement rules which are set out in the Constitution. It also includes the risk management framework through which Transport for the North ensures that risks to its operations are identified and managed. The controls also include the oversight exercised by the Audit and Governance Committee.
- 4.3 Since its inception as a statutory body, officers have continuously reviewed the policies and procedures that Transport for the North has put in place in relation to procurement, financial management and risk management in order to identify areas for improvement.
- 4.4 In carrying out this annual review, Transport for the North is required to comply with the guidance issued by CIPFA in its guidance "Delivering Good Governance". The Guidance sets out seven principles of good governance:
- Behaving with integrity, demonstrating strong commitment to ethical values and respect for the rule of law
  - Ensuring openness and comprehensive stakeholder engagement
  - Defining outcomes in terms of sustainable economic, social, and environmental benefits

- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the organisation's capacity including the capacity of its leaders and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability

4.5 In carrying out the review, officers will assess TfN's activities against the seven principles of good governance and provide evidence of the way in which Transport for the North has conducted itself in accordance with these principles. The review will be carried out by a small team drawn from the Finance and Legal teams and the Risk Manager. The team will:

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

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

4.7 The review team will also consider the future governance challenges identified in the Annual Governance Statement prepared for 2022/23 and assess the extent to which these challenges have been met during the current financial year. Recent discussions with the Chair of the Audit and Governance Committee have highlighted the desirability of including both format and content within this year's review, and this will be addressed by the review team in consultation with the Chair.

The governance challenges which were identified in the 2021-22 Annual Governance Statement (both ongoing and completed) are reproduced in the table below. These will require further review and updating as to progress, and consideration will also need to be given to potential other areas for inclusion for 2022-23.

## 4.8

<b>Subject</b>	<b>Action</b>	<b>Progress</b>	<b>Target Completion Date</b>
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.  Ad hoc review has been carried out, although more detailed ongoing review will be required.	Ongoing.
Review of TfN Boards and Committees with particular reference to the General Purposes Committee.	To review the function of all Boards and Committees and to develop the General Purposes Committee formatters that do not require full Board sign off but sit above the delegated powers of the Chief Executive.	The first meeting of the General Purposes Committee took place on 23 February 2022.	Ongoing.
Adoption of the Policy Development Framework.	Implement and embed the Policy Development Framework in Transport for the North decision-making processes.	TfN is implementing a Policy Development Framework to support internal decision-making processes and ensure consistent development of TfN policies and advice to the TfN Board.	31/03/22
Provision of hybrid meetings for all governance sessions.	New hybrid meeting hardware has been purchased and is undergoing final testing.	Test meeting will be arranged before final roll-out to Committees and Boards. Further work needs to be undertaken to address quoracy matters.	31/05/22
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. <i>(NB – Operating Report is now quarterly).</i>
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 and other Committees.	Virtual Meetings established for all Boards and Committees and Virtual Meetings Procedure Rules adopted.	Completed.

Review of Scrutiny function and in particular the policy of "Scrutiny First".	The review of the Scrutiny Committee took place over the previous 12 months; the Committee agreed to continue with the function and Scrutiny First policy.	Reports to TfN Board go through Scrutiny Committee first and now include comments from the Committee within them.	Completed.
Appointment of new Chief Executive & Chair.	To appoint a new Chief Executive and a new independent Chair of TfN Board and Partnership Boards.	Martin Tugwell appointed as Chief Executive in August 2021. Lord Patrick McLoughlin appointed as Chair in January 2022.	Completed.

## 5. **Proposed Timetable for carrying out the Review:**

- 5.1 Following this introductory report, a Draft Annual Governance Statement will be presented to the Committee for consideration and review. The final Annual Governance Statement will be brought to the Committee for approval and recommendation to TfN Board before it is published at the end of May 2023.

## 6. **Corporate Considerations:**

### 6.1 ***Financial Implications***

There are no financial or resourcing implications as a consequence of this report.

### 6.2 ***Resource Implications***

There are no resourcing implications as a consequence of this report.

### 6.3 ***Legal Implications***

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

### 6.4 ***Risk Management and Key Issues***

Risk management implications have been considered as a result of this report

### 6.5 ***Environmental Implications***

This report does not constitute or influence a plan or programme which sets the framework for future development consents of projects listed in the EIA Directive and therefore does stimulate the need for SEA or EIA.

### 6.6 ***Equality and Diversity***

A full impact assessment has not been carried out because the report does not propose any new strategy or service provision.

### 6.7 ***Consultations***

No consultation has been carried out since no new policies are being proposed.

## 7. **Background Papers:**

- 7.1 None

## 8. **Appendices:**

- 8.1 None