

# Transport for the North Audit & Governance Committee Agenda

<b>Date of Meeting</b>	<b>Friday 15 December 2023</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>Lead:</b> Chair	
<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>Lead:</b> Chair	
<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 15 September 2023 (including updates on agreed matters arising as appropriate). <b>Lead:</b> Chair	5 - 10
<b>4.0</b>	<b>Appointment of Vice Chair (5 minutes)</b> To consider the appointment of a Committee Vice Chair <b>Lead:</b> Chair	
<b>5.0</b>	<b>Corporate Risk Review (30 minutes)</b> <ul style="list-style-type: none"> <li>• To highlight significant risks</li> <li>• Corporate Risk Assurance report</li> <li>• Deep dive schedule</li> </ul> <b>Lead:</b> Daniella Della-Cerra-Smith	11 - 46

<b>6.0</b>	<p><b>Quarterly Operating Report July-September 2023 (10 minutes)</b></p> <p>To consider the Quarterly Operating Report for July to September 2023.</p> <p><b>Lead:</b> Paul Kelly</p>	47 - 60
<b>7.0</b>	<p><b>Internal Audit Update (15 minutes)</b></p> <p>To consider the Internal Audit update progress report.</p> <p><b>Lead:</b> Alex Hire</p>	61 - 70
<b>8.0</b>	<p><b>External Audit Update (10 minutes)</b></p> <p>To consider the external audit update.</p> <p><b>Lead:</b> Daniel Watson</p>	Verbal Report
<b>9.0</b>	<p><b>Preparation of the Annual Governance Statement (15 minutes)</b></p> <p>To consider the progress update on the Annual Governance Statement.</p> <p><b>Lead:</b> Joanne Barclay</p>	71 - 86
<b>10.0</b>	<p><b>Monitoring the Effectiveness of the Audit and Governance Committee (15 minutes)</b></p> <p>To appraise Members on the implementation of the CIPFA self-assessment tool.</p> <p><b>Lead:</b> Joanne Barclay</p>	87 - 88
<b>11.0</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 8 March at 11am.</p>	

# Audit & Governance Committee Minutes

**Friday 15 September 2023**  
**Manchester City Council, Town Hall Extension, Albert Square,**  
**Manchester, M60 2LA**

**Present:**

<b>Attendee</b>	<b>Local Authority</b>
Graham Bell (Chair)	Independent
Cllr Tom Ross	Greater Manchester Combined Authority;
Cllr Joanna Baker Rogers	South Yorkshire Mayoral Combined Authority;
Cllr Hans Mundry	Warrington;
Kevin Brady	Independent

**Invitees In Attendance:**

Alex Hire	RSM UK (Internal Audit)
Daniel Watson	Mazars (External Audit)

**Officers in Attendance:**

<b>Name</b>	<b>Job Title</b>
Gary Rich	Democratic Services Officer
Paul Kelly	Finance Director
Julie Openshaw	Head of Legal
Daniella Della-Cerra-Smith	Risk Manager
Joanne Barclay	Senior Solicitor

**Item  
No:**

**Item**

**1 Welcome and Apologies**

- 1.1 The Chair welcomed everyone to the meeting and extended a warm welcome to new Member Cllr Tom Ross. Apologies were received from Cllr Shaukat Hussain and Cllr Arooj Shah.

**2 Declarations of Interest**

- 2.1 There were no declarations of interest.

**3 Minutes from the Previous Meeting**

- 3.1 The minutes from the previous consultation call were formally approved as a true and accurate record of the call held on Wednesday 9 August 2023.

**Resolved:**

That the minutes of the Audit & Governance Committee held on 9 August 2023 be approved.

**4 Risk Management**

- 4.1 Members received the report from the Risk Manager who highlighted key areas on the Corporate Risk Register. She explained that the current risk environment had not changed significantly. She explained that TfN is due to move to its new office at Manchester Town Hall next week and noted that TfN is continuing to monitor risk with regard to the political environment due to the anticipated general election. Risks across functional areas are being discussed having regard to the current political environment. The Risk Manager highlighted the changes made to the risk register following feedback at the August meeting.
- 4.2 The Chair raised a point regarding particular risks which TfN has little or no control and how that information is viewed when looking at the risk register. The Risk Manager responded that there is an indication recorded in the control action area of the register, recorded as either a high, medium or low score, indicating what influence TfN has over the risk.
- 4.3 Cllr Baker-Rogers asked how ambitions to reduce risks are decided on and whether there is sufficient drive and/or challenge to reduce a risk with a high rating. The Risk Manager explained that if additional actions have been put in place there will be a reduction in risk. She provided assurance to the committee that very high and high risks are reviewed with the risk manager and work area manager on a monthly basis.
- 4.4 Cllr Mundry stated that in some areas, for example, funding, risks are not in TfN's control or influence and that it is very difficult for organisations not to have at least some high risks. The Risk Manager commented that in the area of funding, the impact on the organisation is also very high. The Finance Director indicated that the cost base is in TfN's control, so any reduced funding arrangements would need a commensurate reduction in our cost base.
- 4.5 Mr Brady commented that with regard to Mazars' Audit report, from a good governance perspective, the committee needs to record that TfN has acknowledged that there is a significant risk but also that it is being mitigated via the risk register through risk 916. Mr Brady recognised that the political environment is being considered at a strategic level, and highlighted that other organisations are horizon scanning in relation to potential change in administration. The attendance and views of the Transport Secretary and Shadow Transport Secretary at the TfN conference were referenced.

- 4.6 Cllr Baker-Rogers asked for a narrative to be provided before risks are presented explaining why there are so many risks over which TfN is unable to influence or control the level. Additionally, Cllr Baker-Rogers asked why net zero is not an appropriate target for TfN; The Head of Decarbonisation for TfN has provided a response and this will be forwarded to Cllr Baker Rogers.

**Deep Dive, Corporate Risk 310.**

- 4.7 TfN's Rail Strategy Manager gave an overview of the risk and answered the Committee's questions.
- 4.8 Cllr Baker-Rogers acknowledged that this is a very timely piece of work and highlighted the importance of keeping it up to date.
- 4.9 Mr Brady requested more information about the relationship between the proposed North West business unit and the North East with TfN. The Rail Strategy Manager illustrated how the North East councils can now have more of a role in specifying local services and influence on what Northern are doing due to the track layout. It will be difficult for the North West to have the same level of influence because there are more constraints on the West Coast rail line.
- 4.10 Cllr Ross highlighted how things seemed to have stopped at a national level but at local or combined authority level there is a desire to get moving especially around the public transport rail offer. TfN is balancing those two perspectives.
- 4.11 The Chair raised that risk is about assumptions made and it is how the assumptions are threatened that leads down a particular decision route. The Chair noted that there was devolution in the write up of risk 310 and the idea of introducing a national centrally funded position by definition is counter-devolutionary, so he asked how could anything in that reform support this drive towards devolution of power.
- 4.12 The Rail Strategy Manager explained how double devolution and political devolution could work.
- 4.13 The Chair noted that we are bad at predicting the future, but we do know that eventually there will be rail reform, therefore the risk could be written by focusing on TfN's ability to respond to change as it happens rather than focusing on Great British Railways. The Rail Strategy Manager responded by referencing the use of TfN's future travel scenarios which help with looking at the future and making long term plans.

**Resolved:**

- 1) That the update to the Risk Management strategy be noted.

- 2) That the update to the Corporate Risk Register and the Committee feedback on corporate risk 310 be noted .

## **5 Business Plan and Quarterly Operating Report**

- 5.1 The Finance Director highlighted the two documents that had been appended to the report. He explained that modifications and changes to the report will be considered going forward and the Quarterly Operating Report will be reported to Board on 27 September and on an ongoing basis.
- 5.2 Cllr Baker-Rogers asked whether TfN is on track to achieve the key milestones. The Finance Director indicated that progress against the milestones was captured within the report, but they were on track.
- 5.3 The Chair stated the importance of reflecting on how good we are at things and are we getting better in comparison to this stage last year.
- 5.4 Cllr Mundry stressed the importance of looking at how effective TfN is and the need to be able to demonstrate TfN's value to those who fund us and those who need us. The Finance Director responded that funding was agreed for the TfN Offer and this recognised that TfN provides good output and is doing a good job. An emerging matter is that other Sub-National Transport Bodies (STBs) are enquiring how they get a reasonable share of activity.

### **Resolved:**

That the content of the 2023/4 Business Plan and the Quarterly Operating Report for the first quarter to June 2023 be noted.

## **6 Internal Audit Update**

- 6.1 There was no internal audit report presented at this meeting.

It was noted that there are four reviews to complete; three will be delivered in October/November and one in the new year. RSM will be meeting with TfN to finalise the forthcoming reviews.

## **7 External Audit Update**

- 7.1 Members received the Audit Completion report for 2022/23 from Mr Daniel Watson who explained that other than the close out of the audit of Greater Manchester Pension Fund (GMPF), which is expected in October, there are no outstanding matters.
- 7.2 Cllr Baker-Rogers asked how information can be gained earlier from the Pension Fund in the future. Mr Watson explained that how audits are

sequenced is one of the causes of delay and it is being looked at nationally.

- 7.3 The Finance Director thanked Mr Watson for the work that is being done and seamless changeover from the previous Mazars' personnel. The Finance Director reiterated to the Committee that until the sign off GMPF pension is achieved the accounts cannot finally be approved. A notice will be put on TfN's website to explain if the approval is delayed.
- 7.4 Cllr Ross praised Mazars for the clear and positive report they had provided.

**Resolved:**

That the External Audit report be noted.

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

- 8.1 The Finance Director presented the annual report.
- 8.2 Cllr Baker-Rogers enquired about the timescales for the procurement of the internal audit service for 2024 – 27 and what involvement Members have in the process. In response the Finance Director stated that the tender for internal audit service is in progress and is due back on 21 September. He informed the Committee that there will be significant involvement from them in establishing what the work programme will be going forward. A draft plan on what TfN will be focussing on will be presented for discussion by February. He stated that Committee members are expected to have a significant input in the process to ensure that all the areas for review are considered.
- 8.3 Mr Brady queried, on Appendix 3, whether the assurance framework adequately addresses governance arrangements in other significant partnerships, as this Committee is not sighted on those governance arrangements and asked whether that sentence should be removed.

The Risk Manager responded by saying that either a specific deep dive could be run in that area for 2024/25 or the comment could be removed. The Finance Director suggested a broader explanation of governance arrangements could be provided to members. Two new independent members will be in place following approval at Board, so the February meeting would be an opportune time to discuss this further.

- 8.4 Ms Hire said a piece of work could be done on the governance work going forward in order to provide the Committee with assurance.
- 8.5 Cllr Baker-Rogers asked what stage TfN is at regarding the internal audit programme, specifically the various stages that each of the programmes have reached. Cllr Baker-Rogers expressed concern about the equality and diversity audit resulting in only reasonable assurance. Ms Hire

stated that reasonable assurance was a positive outcome not a negative opinion and that whilst a self-assessment had been completed it did need a refresh.

Cllr Baker-Rogers stated that she had not seen the word “advisory” before in an audit plan. Ms Alex Hire explained that the auditors do not give an overall head of internal audit opinion although they do provide actions, and the actions that are in the advisory reviews are followed up. Cllr Baker-Rogers asked for it to be made clearer in the report that the audit has been done.

**Resolved:**

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

**9 Year End Statutory Accounts**

9.1 The Finance Director presented the final version of the year end statutory accounts. There was a recommendation from Mazars that the exit packages were to be provided for all employees.

**Resolved:**

That the draft Statement of Accounts be recommended to the Board meeting on 27 September that it be approved.

**10 Date and Time of Next Meeting**

The next meeting of the Committee will be held as a Consultation call on Friday 15 December at 11:00 am.



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**Meeting:** Transport for the North Audit & Governance Committee  
**Subject:** Corporate Risk Register, Risk Assurance Report and Risk Deep Dive Schedule  
**Author:** Daniella Della-Cerra-Smith, Risk Manager  
**Sponsor:** Paul Kelly, Finance Director  
**Meeting Date:** Friday 15 December 2023

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## 1. **Background:**

- 1.1 Transport for the North (TfN) has updated the Corporate Risk Register (CRR) to reflect the milestones and Business Objectives outlined in the Business Plan for Financial Year 2023/24.
- 1.2 The CRR was last presented to TfN Board on 27 September 2023. The next scheduled Board meeting at which the CRR is due to be presented is 20 March 2023.
- 1.3 The updated CRR and the assurance output and report were presented to Operating Board on 28 November 2023.
- 1.4 TfN's corporate risks stem from the agreed milestones 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. Please see Appendix 4.1, TfN's Corporate Risk Register.
- 1.5
  - The CRR has been reviewed and updates have been made to risks, assessment of risks and mitigation actions, to reflect TfN's current environment, key milestones and 2023/24 business plan.
  - Assurance reviews for all corporate risks have been undertaken to populate the output and report.
- 1.6 Following on from the government announcement regarding the cancellation of HS2 phase 2 two additional risks have been reassessed as very high. (Risk 647 & Risk 881).

The four very high corporate risks are:

- Risk 647, Following the announcement of the cancellation of HS2 phase 2 and the proposals for Network North and the publication of the IRP they set out the Government's proposals in respect of NPR and TRU. There is a risk that individual programmes are not aligned and expected benefits not realised
- Risk 916, Material variations from the funding/cost planning assumptions that underpin medium term sustainability
- Risk 310, TfN could have a reduced role in the rail industry following the implementation of rail reform including the role with Great British Railways
- Risk 881, TfN are unable to produce a draft STP that will be endorsed by TfN Board and government in time to consult and then adopt the plan by the end of March 2024.

## 2. **Recommendations:**

- 2.1 In order to provide assurance that efficient and effective risk management practice and processes are in place

- Consider the updates to the CRR. Please review the executive summary for key changes.
- Consider and endorse TfN's new corporate risk assurance report.
- Endorse the updated schedule for risk deep dives at future Audit and Governance Committee meetings.

### 3. **TfN Corporate Risk Assurance Output and Report:**

3.1 TfN have undertaken its first assurance review with the CEO, Directors & members of SMT on all corporate risks. The emerging outcome is there are effective controls in place and being delivered to manage 18 corporate risks. A few of the controls have been categorised as adequate and actions have been identified against those controls. The overall assurance score of risk 920 failure to comply with good practice, governance and corporate processes across the organisation has been categorised as adequate and an action has been identified. Please see Appendix 4.2 for detail.

### 4. **Audit and Governance Committee Risk Deep Dive Schedule:**

4.1 The Audit and Governance risk deep dive schedule has been updated and shows which areas have been selected for deep dive from March 24 to December 24. Please see Appendix 4.3 for detail.

### 5. **Considerations:**

- 5.1 Transport for the North's approach to managing risk is described in its Risk Management Strategy which sets out guidance for how risks are identified, assessed, managed, and reported. The RMS has been applied in updating the CRR.
- 5.2 It is essential that TfN and its teams recognise, understand, and manage the risks that could negatively impact on its ability to achieve its objectives and priorities.
- 5.3 This report provides the Committee with an update on the organisational risks and issues relating to the business milestones/objectives which can be found in the CRR.

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

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

The financial implications are detailed within individual risks where applicable.

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

The resource implications are detailed within individual risks where applicable.

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

The legal implications are detailed within individual risks where applicable.

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

The Corporate Risk Register is part of this report.

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

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

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

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

#### 6.7 ***Consultations***

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

**7. Background Papers:**

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

**8. Appendices:**

8.1 Appendix 1 TfN Corporate Risk Register Nov 2023

8.2 Appendix 2 TfN Corporate Risk Assurance Report Oct 23

8.3 Appendix 3 Audit & Governance Committee Risk Deep Dive Schedule Mar 24 – Dec 24

<b>Glossary of terms, abbreviations and acronyms used</b>	
a) CRR	<i>Corporate Risk Register</i>

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# Transport for the North

Corporate Risk Register

November 2023

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**Section 1** provides an executive summary of TfN's Risk Environment and Emerging Risks, key changes to the register since the last risk review, TfN's 2023/24 milestones and corporate risk dashboard.

## **Executive Summary**

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

- 1.1.1 To understand how TfN's corporate risks are impacted by the mitigation activities, TfN has assessed the level of control on the risk actions and the extent to which TfN is able to influence or control those risk outcomes. TfN do not have full control over all mitigation actions. The avoidance and reduction of the assessed impacts are contingent on partners and members taking further action.
- 1.1.2 Recognising the current fiscal environment including the 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 relating to medium term sustainability.
- 1.1.3 Following on from the announcement of the cancellation of HS2 Phase 2 and the proposals for Network North TfN are currently reviewing the potential implications and new risks will be considered as TfN gain further detail. Existing risks are also being reviewed and updated to reflect TfN's current environment.
- 1.1.4 TfN continue to monitor the political environment, particularly with the upcoming general election and how this may impact on the delivery of TfN's objectives. Discussions are taking place in risk reviews across TfN in relation to potential risks. We are also cognisant of an evolving policy context including recent announcements on HS2 and Network North and how these relate to TfN's Strategic transport plan.

### **Key Changes to the Corporate Risk Register**

- 1.1.5 Risk 647 – Rail, Individual programmes are not aligned and expected benefits not realised. Increased probability current and target position to very high and high due to lack of certainty around the core of the NPR network. Risk reworded to include Network North.
- 1.1.6 Risk 916 – Funding, delivery of medium-term sustainability, reduced target probability from very high to medium due to appropriate action plan once funding allocation received.

- 1.1.7 Risk 881 - Endorsement of STP refresh, increased current and target probability due to change in policy context following government announcement regarding HS2.
- 1.1.8 Risk 296 - Stakeholder expectations, risk closed as part of assurance review. Duplicate of risk 880. Risk 880 has been updated to reflect closure.
- 1.1.9 Risk 309 – Viability of train services and future investment decisions reduced current and target probability from very high to high due to progress on securing the train operator revenue budgets required.
- 1.1.10 Risk 877 – TfN’s influence on the NPR Programme, increased probability, and reputation impact current and target due to lack of certainty around the core of the NPR network.
- 1.1.11 Risk 999 – Resources for TfN offer– reduced probability current position due to mitigations actions complete and controls implemented.
- 1.1.12 Risk 996 - TfN business continuity is disrupted during office move, risk closed as office move complete and TfN are now fully functional in new head office space.

### Key Milestones

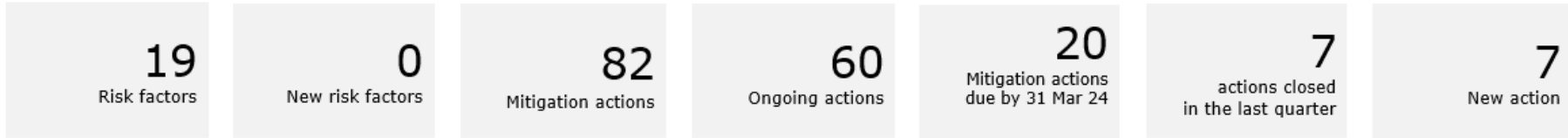
- 1.1.13 Our key milestones monitor and measure our progress and performance and ensure that we provide value for money. The milestones that we have adopted for 2023/24 are set out below:

<b>Milestone</b>	<b>Detail</b>	<b>Delivery</b>
<b>1</b>	Consult on a revised Strategic Transport Plan	Summer 2023
<b>2</b>	Publish Connected Mobility Strategy	Summer 2023
<b>3</b>	Secure adoption of revised Strategic Transport Plan	December 2023
<b>4</b>	Rail Reform – Issue Proposition for the North	December 2023
<b>5</b>	Provide annual STP action plan	March 2024
<b>6</b>	Update Future Transport Scenarios	March 2024
<b>7</b>	Consult on, and then publish final Strategic Rail Report	March 2024



<b>8</b>	Ensure a strong case is forwarded for recommended RIS investment in the North	March 2024
<b>9</b>	Publish TfN's Bus Policy position.	March 2024
<b>10</b>	Implement an online local public transport data toolkit	March 2024
<b>11</b>	Develop a submission to government that identifies opportunities to build on TfN's technical capabilities	March 2024

## Corporate Risk Dashboard



ID	Corporate risks, by highest current score	Current Score	Target Score	Risk Owners
647	Following the announcement of the cancellation of HS2 phase 2 and the proposals for Network North and the publication of the IRP they set out the Government's proposals in respect of NPR and TRU. There is a risk that individual programmes are not aligned and expected benefits not realised.	20	18	Rail/Roads Director
916	Material variations from the funding/cost planning assumptions that underpin medium term sustainability.	19	17	Finance Director
310	There is a risk that TfN could have a reduced role in the rail industry following the implementation of rail reform including the role with Great British Railways.	19	17	Rail/Roads Director
881	TfN are unable to produce a draft STP that will be endorsed by TfN Board and government in time to consult and then adopt the plan by the end of March 2024.	19	17	Strategy, Analysis & Comms Director
880	TfN are unable to provide the One Voice for the north in relation to strategic transport investment priorities, and policy positions.	18	15	Chief Executive Officer
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.	17	17	Chief Executive Officer
643	TfN's is unable to recruit and retain suitable staff to deliver the 2023/24 business plan and medium to long term TfN objectives.	17	17	Head of Human Resources
300	There is a risk that TfN fails to deliver Value for Money.	17	13	Finance Director
640	Inappropriate disclosure of confidential information may create a legal liability.	15	15	Rail/Roads Director
311	Future timetable changes in the North reduce rail connectivity.	15	15	Rail/Roads Director
298	There is a risk that TfN might be unable to make a timely, robust, credible, evidence-based case for investment in transport.	15	11	Rail/Roads Director

ID	Corporate risks, by highest current score	Current Score	Target Score	Risk Owners
309	The long-term effect of Covid-19/current fiscal environment 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.	14	14	Rail/Roads Director
877	TfN is unable to influence the NPR Programme to ensure that agreed outputs are delivered in a way that works for the North and that the TfN Board and TfN Partners have appropriate involvement in NPR and the ability to influence its development.	14	10	Chief Executive Officer
303	TfN fails to comply with applicable law or exceeds its powers while carrying out its functions.	11	11	Rail/Roads Director
299	Within its Decarbonisation Strategy, TfN and its partners have committed to achieving close to zero emissions (between 1&2% of 2018 levels) for surface transport in the North by 2045. TfN is unable to deliver its contribution to achieving this target.	11	8	Strategy, Analysis & Comms Director
920	Failure to comply with good practice, governance and corporate processes across the organisation.	11	8	Chief Executive Officer
876	Cyber disruption/attacks to the available information and technical infrastructure. Inappropriate user access to confidential information. Access maybe limited for an unknown period of time.	10	10	IT Manager
882	Providing a direct service to DfT could create short term operational challenges to TAME's services in delivering TfN 's objectives.	10	8	Strategy, Analysis & Comms Director
999	Mismatch between the TfN offer and what resources TfN currently have in place.	8	8	Strategy, Analysis & Comms Director

#### Key impacts across risks:

Failure to make timely, evidence-based advice to Government.  
 Delaying or preventing the benefits of strategic transport plan.  
 Recruitment and retention of staff/ Organisational culture could be impacted.  
 TfN fails to manage Partner expectations within the current statutory powers.  
 TfN fails to deliver on its commitments laid out within the TfN Decarbonisation Strategy.  
 Less investment in services and infrastructure/ decline in rail services and local connectivity.  
 Potential legal costs or challenges and/or programme delays could result in extra costs and resources.  
 TfN could lack the powers or the influence to deliver economic, social and sustainability benefits to the North.  
 TfN reputational damage/ loss of credibility/ relationships with Partners & stakeholders could be adversely affected.  
 TfN's ability to deliver statutory duties/ Failure to achieve Value for Money could impact on TfN's ability to access funding in the future.  
 A less effective sponsorship arrangement could result in missed opportunities to align investment with other delivery opportunities across the industry.  
 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.

#### Key actions across risks:

Collaborate with DfT on NPR Sponsor Board  
 TfN to demonstrate value for money  
 Partner/stakeholder/DfT Engagement  
 Manage interdependencies  
 Structured engagement with government officials/ decision makers

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

**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.

**Qualitative Risk Analysis of TfN’s Corporate Level Risk**

<b>ID</b>	<b>Risk Description</b>	<b>Owner</b>	<b>Milestone</b>	<b>Current Score</b>	<b>Target Score</b>	<b>Trend</b>
647	Following the announcement of the cancellation of HS2 phase 2 and the proposals for Network North and the publication of the IRP they set out the Government's proposals in respect of NPR and TRU. There is a risk that individual programmes are not aligned and expected benefits not realised.	Rail/Roads Director	4, 7	20	18	↓
<b>ID</b>	<b>Control Level and Action Description</b>			<b>Owner</b>	<b>Due</b>	
2510	Medium - Secure TfN's membership at programme boards to influence TfN's desired outputs as defined in the STP.			Rail/Roads Director	Mar 24	
2511	Medium - TfN continue to chair the TRU stakeholder forum that will directly influence the TRU programme board.			Rail/Roads Director	Ongoing	
2547	Medium - TfN using its role on the North of England integration board to ensure alignment of benefits.			Rail/Roads Director	Ongoing	
2639	Medium - Use NPR Sponsor Board as a mechanism for working with DfT to address programme alignment issues.			Chief Executive Officer	Ongoing	
2782	Medium - Ensure STP reflects TfN's desired outcome for the rail network and is supported by evidence.			Rail/Roads Director	Dec 23	
2987	NEW: Fall-back Plan - TfN to work with Government, Network Rail and Partners to determine the best deployment of funding in a coherent manner, informed by data and insights.			Rail/Roads Director	Mar 24	

ID	Risk Description	Owner	Milestone	Current Score	Target Score	Trend
916	Material variations from the funding/cost planning assumptions that underpin medium term sustainability	Finance Director	All	19	17	↑
ID	Control Level and Action Description			Owner	Due	
2671	Medium - There is structured engagement with government officials and decision-makers.			Chief Executive Officer	Mar 24	
2673	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	Mar 24	
2676	Fallback Plan - Conclude budget and business planning based on funding allocation. Subject to the funding allocation for 2025/26 and beyond an appropriate action plan to be put in place, which will either be a funded budget or a cost reduction programme to align with funding.			Finance Director	Mar 25	
2985	NEW: High - Produce a financial report on performance to date, including any in-year virement and project outturn, which is presented to OBT monthly.			Finance Director	Ongoing	
2986	NEW: Medium - Perform financial contingency planning by stress testing TfN's financial planning assumption			Finance Director	Dec 23	

ID	Risk Description	Owner	Milestone	Current Score	Target Score	Trend
310	There is a risk that TfN could have a reduced role in the rail industry following the implementation of rail reform including the role with Great British Railway.	Rail/Roads Director	2,4	19	17	↔
ID	Control Level and Action Description			Owner	Due	
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 and are working to develop TfN proposition to define what our role would be in the rail industry going forward to present to GBR Transition team.			Rail/Roads Director	Feb 24	

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).	Rail/Roads Director	Ongoing
2841	Medium - Rail North committee has agreed the establishment of a Northwest business unit and currently in the process of implementing that business unit.	Rail/Roads Director	Closed
2637	Fall-back Plan - Use rail-reform programme to strengthen TfN's relationships and position with GBRTT.	Rail/Roads Director	Mar 24

ID	Risk Description	Owner	Milestone	Current Score	Target Score	Trend
881	TfN are unable to produce a draft STP that will be endorsed by TfN Board and government in time to consult and then adopt the plan by the end of March 2024.	Strategy, Analysis & Comms Director	1, 3, 5	19	17	↓
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.			Strategy, Analysis & Comms Director	Ongoing	
2499	Medium - Clear programme of activity developed for STP consultation and adoption and managing through SOG exec board and TFN board.			Strategy, Analysis & Comms Director	Mar 24	
2500	High - Northern Power Independent Economic Review complete. TfN have produced a summary document which will be published in November.			Strategy, Analysis & Comms Director	Nov 23	
2501	High - Manage interdependencies with Northern Power Independent Economic Review, which will run in parallel with STP2.			Strategy, Analysis & Comms Director	Closed	
2780	High - Engagement with external stakeholders on both NPIER and STP 2 and through to adoption end March 2024, this includes ports and airports in relation to international connectivity.			Strategy, Analysis & Comms Director	Mar 24	
2636	NEW: Fall-back plan: Present second STP to July 24 TfN board to allow further engagement with stakeholders if required			Strategy, Analysis & Comms Director	Jul 24	

ID	Risk Description	Owner	Milestone	Current Score	Target Score	Trend
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	All	18	15	↔
ID	Control Level and Action Description			Owner	Due	
2494	High - As part of the second Strategic Transport Plan work, maximise utilisation of existing forums to ensure Partners are actively engaged.			Strategy, Analysis & Comms 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.			Strategy, Analysis & Comms Director	Ongoing	

ID	Risk Description	Owner	Milestone	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	17	17	↔
ID	Control Level and Action Description			Owner	Due	
2489	Medium - There is structured engagement with government officials and decision-makers.			Chief Executive Officer	Mar 24	
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	Mar 24	
2492	Fall-back Plan - Maximise the input and contribution of Partnership Board through increased engagement and consultation.			Chief Executive Officer	Ongoing	

2493	Medium - Engagement with other Statutory Transport Bodies (STB's) to identify areas of common interest and opportunities for collaboration.	Chief Executive Officer	Ongoing
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ID	Risk Description	Owner	Milestone	Current Score	Target Score	Trend
643	TfN's is unable to recruit and retain suitable staff to deliver the 2023/24 business plan and medium to long term TfN objectives.	Head of Human Resources	All	17	17	↔
ID	Control Level and Action Description	Owner	Due			
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, exit interviews, 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			
2537	High - Full and proper consultation with UNISON - to continue regular formal meetings.	Head of Human Resources	Ongoing			
2786	Fallback Plan - Recruitment of temporary consultants to ensure delivery of the business plan if required.	Head of Human Resources	Ongoing			
2843	Medium - Rollout of employee engagement survey across TfN and produce an action plan.	Head of Human Resources	Jan 24			
2844	High - Fostering the right culture for TfN success and ensure integrity within organisational values through all members of OBT and SMT.	Chief Executive Officer	Ongoing			
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			
2927	High - All individuals that participate in recruitment processes to either be CIPD qualified or have carried out TfN's recruitment and unconscious bias training.	Head of Human Resources	Ongoing			
2928	High - TfN to maintain relevant accreditations including disability confidant employer, GM employment charter and CILT equality/diversity charter.	Head of Human Resources	Ongoing			



ID	Risk Description	Owner	Milestone	Current Score	Target Score	Trend
300	There is a risk that TfN fails to deliver Value for Money.	Finance Director	All	17	13	↔
ID	Control Level and Action Description				Owner	Due
962	High - Clear and well documented processes and procedures are in place that are designed to be fully compliant with the financial scheme of delegation. External audit review and report on value for money on an annual basis.				Finance Director	Ongoing
1564	High - Introductory finance training and ongoing support and challenge from the finance function in relation to budget and financial management. Where required continue to brief and update staff through the monthly updates, regular bulletins, employee forum, OBT and SMT meetings, with regards to budget setting, and other current uncertainties TfN is facing to keep them fully appraised and address any questions or concerns in a timely fashion.				Finance Director	Ongoing

ID	Risk Description	Owner	Milestone	Current Score	Target Score	Trend
640	Inappropriate disclosure of confidential information may create a legal liability.	Rail/Roads Director	All	15	15	↔
ID	Control Level and Action Description			Owner	Due	
1551	Medium - TfN has confidentiality agreements with Local Partners to set parameters for data usage, data protection, and responsibility for compliance.			Head of Legal	Ongoing	
1553	Medium - The Codes of Conduct for Members of Constituent Authorities state the circumstances in which information may be disclosed.			Head of Legal	Ongoing	
1554	Medium - TfN's processes seek to restrict disclosure of confidential data via induction training and disciplinary procedures for deliberate or accidental data misuse.			Head of Legal	Ongoing	
2988	NEW: Medium - TfN contracts with suppliers and other third parties contain the necessary confidentiality clauses within them. Should the third-party breach those confidentiality obligations, they will be in breach of contract.			Head of Legal	Ongoing	

ID	Risk Description	Owner	Milestone	Current Score	Target Score	Trend
311	Future timetable changes in the North reduce rail connectivity.	Rail/Roads Director	7	15	15	↔
ID	Control Level and Action Description			Owner	Due	
1581	Medium - TfN, working with Partners will continue to convey to Operators and the Department the key concerns of the regions.			Rail/Roads Director	Ongoing	
985	High - Blueprint for both ECML and Manchester have been established and will be further developed and updated.			Rail/Roads Director	Ongoing	
2638	Medium - Contribute and influence the work including the Leeds area study as part of the implementation of the IRP/the proposals for network North and linked to ECML future timetable.			Rail/Roads Director	Ongoing	

ID	Risk Description	Owner	Milestone	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.	Rail/Roads Director	All	15	11	↔
ID	Control Level and Action Description			Owner	Due	
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.			Strategy, Analysis & Comms Director	Ongoing	
2502	High - Strengthen TAME governance for more transparent prioritisation of activity. Initial prioritisation undertaken. To be reviewed and communicated regularly to programmes and partners.			Strategy, Analysis & Comms Director	Ongoing	
2503	Medium – A policy Development Framework is being updated to identify clear and consistent approaches to policy development across the organisation.			Strategy, Analysis & Comms Director	Dec 23	
2504	Medium - Use evidence to provide recommendations to the Secretary of State for Road Investment Strategy (3).			Rail/Roads Director	Mar 24	

2505	Medium - Use evidence to provide recommendations to the Secretary of State for Rail Network Enhancements across the North.	Rail/Roads Director	Ongoing
2851	Medium - Use the STP/our evidence base/our capacity and capability to inform future investment rounds and statutory advice.	Rail/Roads Director	Ongoing

ID	Risk Description	Owner	Milestone	Current Score	Target Score	Trend
309	The long-term effect of Covid-19/current fiscal environment 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.	Rail/Roads Director	7	14	14	↑
ID	Control Level and Action Description			Owner	Due	
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.			Rail/Roads 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.			Rail/Roads Director	Ongoing	
1579	Medium - Strategic Rail and Rail North Partnership (RNP) to work together to support Network Rail and Operators in producing and monitoring recovery plans that meet passengers' needs and rebuild confidence.			Rail/Roads Director	Ongoing	
2840	Medium - Working with TAME on a latent demand study looking at post covid demand information and ideas or stimulate demand.			Rail/Roads Director	Ongoing	

ID	Risk Description	Owner	Milestone	Current Score	Target Score	Trend
877	TfN is unable to influence the NPR Programme to ensure that agreed outputs are delivered in a way that works for the North and that the TfN Board and TfN Partners have appropriate involvement in NPR and the ability to influence its development.	Chief Executive Officer	4, 7	14	10	↓
ID	Control Level and Action Description		Owner	Due		
2682	Medium - Engagement with our partners on emerging proposals so that collective views are fed back to the Department for Transport through the NPR Sponsor Board.		Rail/Roads Director	Mar 24		
2683	Medium - TfN restating the need for full HS2, and NPR networks as agreed by TfN board in the revised Strategic Transport Plan.		Rail/Roads Director	Dec 23		
2989	NEW: Medium - TfN Board members meeting with the rail minister to secure a greater role for TfN in the proposals for Network North and NPR's development.		Rail/Roads Director	Ongoing		

ID	Risk Description	Owner	Milestone	Current Score	Target Score	Trend
303	TfN fails to comply with applicable law or exceeds its powers while carrying out its functions.	Rail/Roads Director	All	11	11	↔
ID	Control Level and Action Description		Owner	Due		
970	High - TfN has suitably qualified officers in all senior positions, particularly the statutory officers comprising of the Head of paid Service, S151 Officer, and Monitoring Officer. In addition, TfN has employed an in-house legal team.		Head of Legal	Ongoing		
971	High - TfN ensures there are clear and well documented processes and procedures in place.		Head of Legal	Ongoing		
972	High - Ongoing training on laws and legislation and communication across the organisation.		Head of Legal	Ongoing		
973	High - Modern.gov is used for management of TfN Boards and Committees, with Modern.gov champions identified to support processes.		Head of Legal	Ongoing		

1570	High - TfN may seek external legal advice on legal issues as identified by the legal in-house team.	Head of Legal	Ongoing
1571	High - TfN has employer's liability, public liability, and professional indemnity insurance in place to mitigate any financial liability.	Head of Legal	Ongoing
2310	Medium - Audit and Governance Committee has core functions supporting legal compliance and best practice, including monitoring governance risks and control.	Head of Legal	Ongoing

ID	Risk Description	Owner	Milestone	Current Score	Target Score	Trend
299	Within its Decarbonisation Strategy, TfN and its partners have committed to achieving close to zero emissions (between 1&2% of 2018 levels) for surface transport in the North by 2045. TfN is unable to deliver its contribution to achieving this target.	Strategy, Analysis & Comms Director	1, 2, 3, 4,7,8,9	11	8	↔
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.	Strategy, Analysis & Comms Director	Ongoing			
2506	Medium - Continue to influence and engage with stakeholders and maintain reputational credibility.	Strategy, Analysis & Comms Director	Ongoing			
2508	Medium - Embedding decarbonisation into wider TfN workstreams including freight and social inclusion and testing the interdependencies.	Strategy, Analysis & Comms Director	Ongoing			
2781	Medium - Refocusing on emerging decarbonisation priorities for TfN and its partners for the development of the decarbonisation strategy update 2025.	Strategy, Analysis & Comms Director	Oct 24			

ID	Risk Description	Owner	Milestone	Current Score	Target Score	Trend
920	Failure to comply with good practice, governance and corporate processes across the organisation.	Chief Executive Officer	All	11	8	↔
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	

ID	Risk Description	Owner	Milestone	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.	IT Manager	All	10	10	↔
ID	Control Level and Action Description			Owner	Due	
2472	Medium - IT and Data Policies are in place, reviewed, and updated in line with known cyber threats.			IT Manager	Ongoing	
2473	Medium - Training to all TfN staff on new policies.			IT Manager	Ongoing	
2474	Medium - Communications Plan in place for regular updates to employees when required.			IT Manager	Ongoing	
2475	Medium - Monitoring and compliance checks performed (e.g. phishing attacks).			IT Manager	Ongoing	
2476	Medium - On-going/monitoring security updates performed to user devices and software services.			IT Manager	Ongoing	

2477	Medium - Business Continuity Plan checks, system reviews and restoration timescales regularly assessed.	IT Manager	Ongoing
2478	Medium - Insurance cover in place for ransoms where required.	IT Manager	Ongoing
2929	NEW: High - Ensure multifactor authentication in place for all TfN accounts.	IT Manager	Ongoing

ID	Risk Description	Owner	Milestone	Current Score	Target Score	Trend
882	Providing a direct service to DfT could create short term operational challenges to TAME's services in delivering TfN 's objectives	Strategy, Analysis & Comms Director	All	10	8	↔
ID	Control Level and Action Description		Owner	Due		
2842	High - Maintain TAME Master Programme and plan with individual TfN teams a realistic schedule of work.		Strategy, Analysis & Comms Director	Ongoing		
2924	Medium - Continue to work with DfT to review agreed work programme.		Strategy, Analysis & Comms Director	Ongoing		
2990	NEW: Medium - Timely and realistic scoped requirements for TAME 2024/25 business planning		Strategy, Analysis & Comms/Rail/Road Directors	Mar 24		

ID	Risk Description	Owner	Milestone	Current Score	Target Score	Trend
999	Mismatch between the TfN offer and what resources TfN currently have in place	Strategy, Analysis & Comms Director	All	8	8	↑
ID	Control Level and Action Description		Owner	Due		
2845	Medium - Partner engagement to discuss scope requirements and log partner requests in central location		Strategy, Analysis & Comms Director	Ongoing		

2846	High - Internal working group to manage interdependencies, resource availability and progress. Using the PID to confirm the plans/trajectory of the TfN offer over 2023/24 and 24/25	Strategy, Analysis & Comms Director	Ongoing
2847	High - Agree mechanism for prioritising work across teams, and escalating matters if necessary	Strategy, Analysis & Comms Director	Closed
2848	Medium - Develop a TfN position on what our offer includes	Strategy, Analysis & Comms Director	Closed
2849	Medium - Develop the brochure and the PID to confirm the plans/trajectory of the TfN offer over 2023/24 and 24/25	Strategy, Analysis & Comms Director	Closed





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# TfN Corporate Risk assurance report

TfN have completed a thorough review of all corporate risks. The risk assurance exercise has been completed in line with TfN's 3 lines of defence. This summary report provides an overview of these risks, including risk scores, assurance levels and identification of any gaps in the current controls and mitigating actions.

Each control has been evaluated using the following criteria:

- Limited** Significant concerns over the adequacy/effectiveness of controls in place in proportion to the risk
- Adequate** Controls are applied but improvements required
- Effective** Controls in place are effective and proportionate to the risk

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Number of risks, per risk assurance criteria

	Effective	Adequate	Limited	Closed	Total
<b>Number of Risks</b>	18	1	0	1	20

All risk and action owners are responsible for ensuring any gaps in evidence are actioned within the agreed timescales.

# Corporate risk assurance

ID	Risk	Owner	Current Score	Target Score	Overall Assurance	Controls Evaluation	Gaps in Evidence/ Actions Required
916	Material variations from the funding/cost planning assumptions that underpin medium term sustainability	Finance Director	19	19	Effective	3 Controls, all effective	New action: Medium level of control: Perform financial contingency planning by stress testing TfN's financial planning assumptions.  Owner: Finance Director Due: 31 December 2023
310	There is a risk that TfN could have a reduced role in the rail industry following the implementation of rail reform including the role with Great British Railways.	Rail & Roads Director	19	17	Effective	1 effective control	2 new actions for control assurance: Action 1: Team to provide Risk Manager with sight of Programme actions after each meeting for transparency.  Action 2: Team to establish the frequency of Programme Board, which will help to inform deadline for above action.  Owner: Head of Strategic Rail Due: 31 October '23.
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	18	15	Effective	3 Controls, all effective	
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.	Rail & Roads Director	18	15	Effective	3 Controls, all effective	

# Corporate risk assurance

ID	Risk	Owner	Current Score	Target Score	Overall Assurance	Controls Evaluation	Gaps in Evidence/ Actions Required
309	The long-term effect of Covid-19/current fiscal environment 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.	Rail & Roads Director	17	17	Effective	3 Controls, all effective	
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	17	17	Effective	4 Controls, all effective	
643	TfN's is unable to recruit and retain suitable staff to deliver the 2023/24 business plan and medium to long term TfN objectives	Head of Human Resources	17	17	Effective	7 Controls, all effective	
300	There is a risk that TfN fails to deliver Value for Money	Finance Director	17	13	Effective	2 Controls, all effective	

# Corporate risk assurance

ID	Risk	Owner	Current Score	Target Score	Overall Assurance	Controls Evaluation	Gaps in Evidence/ Actions Required
881	TfN are unable to produce a draft STP that will be endorsed by TfN Board and government in time to consult and then adopt the plan by the end of 2023.	Strategy, Analysis & Comms Director	17	8	Effective	2 Controls, all effective	
640	Inappropriate disclosure of confidential information may create a legal liability.	Chief Executive Officer	15	15	Effective	4 Controls, 3 effective and 1 adequate	New action for control assurance: Moving confidentiality agreements to central location (where applicable), update as required so all LAs have appropriate documents. Provide screenshots as evidence. Ask, via internal comms, for employees to share location of contracts.  Owner: Governance, Data Protection & Contracts Lawyer Due: 30 March 2024
311	Future timetable changes in the North reduce rail connectivity.	Rail & Roads Director	15	15	Effective	3 Controls, all effective	
298	There is a risk that TfN might be unable to make a timely, robust, credible, evidence-based case for investment in transport.	Rail & Roads Director	15	11	Effective	3 Controls, all effective	

# Corporate risk assurance

ID	Risk	Owner	Current Score	Target Score	Overall Assurance	Controls Evaluation	Gaps in Evidence/ Actions Required
303	TfN fails to comply with applicable law or exceeds its powers while carrying out its functions.	Head of Legal	11	11	Effective	7 Controls, 6 effective and 1 adequate	<p>New Action for control assurance:                      Action 1: Consider how other public bodies demonstrate compliance and assurance with their processes and procedures. and compare relevant aspects to TfN's, considering updating where best practice is considered to be required.                      Owner: Head of Legal                      Due Date: 31 March 24                      Action 2: Consider periodic reporting to OBT with compliance update.                      Owner: Head of Legal                      Due Date: 31 March 24</p> <p>Deep dive scheduled for 2024</p>
920	Failure to comply with good practice, governance and corporate processes across the organisation.	Chief Executive Officer	11	8	Adequate	2 Controls, all adequate	<p>New Action for control assurance: To ensure TfN has robust and appropriate processes in place it continues to adopt a continuous improvement process formed by adherence to key controls and feedback from management of key stakeholders. To be captured as part of departmental work plans.                      Owner: Operating Board                      Due Date: 31 March 24</p>
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.	Strategy, Analysis & Comms Director	11	8	Effective	4 Controls, all effective	

# Corporate risk assurance

ID	Risk	Owner	Current Score	Target Score	Overall Assurance	Controls Evaluation	Gaps in Evidence/ Actions Required
876	Cyber disruption/attacks to the available information and technical infrastructure. Inappropriate user access to confidential information. Access maybe limited for an unknown period of time	IT Manager	10	10	Effective	8 Controls, all effective	Deep dive scheduled for 2024
882	Providing a direct service to DfT could create short term operational challenges to TAME's services in delivering TfN 's objectives	Strategy, Analysis & Comms Director	10	8	Effective	1 Control, effective	Action 2842 on programme changed to a control, now that the programme has been established.
999	Mismatch between the TfN offer and what resources TfN currently have in place	Strategy, Analysis & Comms Director	10	8	Effective	2 Controls, all effective	Deep dive scheduled for 2024
877	TfN is unable to influence the NPR Programme to ensure that agreed outputs are delivered in a way that works for the North and that the TfN Board and TfN Partners have appropriate involvement in NPR and the ability to influence its development.	Rail & Roads Director	10	8	Effective	2 Controls, all effective	Deep dive scheduled for 2025



# Corporate risk assurance

ID	Risk	Owner	Current Score	Target Score	Overall Assurance	Controls Evaluation	Gaps in Evidence/ Actions Required
296	There is a risk of disconnect between TfN's statutory powers/remit and stakeholder expectations	Chief Executive Officer	Risk Closed; duplicate of risk 880.				

**As a result of the risk assurance exercise on the Corporate risk register, the following amendments have been made:**

- 1 risk closed
- 1 action changed to a control
- 4 controls closed
- 5 controls amended
- 5 control assurance actions identified
- 1 new action
- 2 new causes and 1 new effect
- 3 new controls
- 4 deep dives will be scheduled for 2024/25

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# TfN Risk Deep Dive Schedule - Audit and Governance Committee

Date	Deep Dive Focus Area
• Mar-24	TfN Offer (Selected for deep dive as currently being introduced and in early stages of development)
• Jul-24	Corporate Risk 876: Cyber disruption/attacks (selected for deep dive by the Audit and Governance Committee)
• Sept-24	Corporate Risk 916: Material variations from the funding/cost planning assumptions that underpin medium term sustainability (selected for deep dive due to announcement expected for new funding allocation for Mar 25 in Q4)
Dec-24	Corporate Risk 303: TfN fails to comply with applicable law or exceeds its powers while carrying out its functions (selected for deep dive as part of the TfN assurance review).

TfN will review the roll out of deep dives to date to create a schedule for future deep dives. Deep dives could consist of corporate risks, industry specific areas, or project/functional risks.

**Please note the deep dive schedule may change dependant if there is something industry specific that is felt to be a priority, or if a risk has reduced/increased in red rating or if a risk is retired and no longer deemed to have an impact on TfN.**

# TfN Deep Dive Methodology

Date: XXXXXX

Risk Manager: Daniella Della-Cerra-Smith

Project Manager: XXXXXX

## **Purpose of Deep Dives:**

- Understanding the environment in which the risk has been identified
- 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?

# Quarterly Operating Report November 2023



## **1 Chief Executive's Introduction**

- 1.1 We continue to develop the format of our revised Quarterly Operating Report: this being the second edition following the initial August production. The primary purpose remains the same: to report on progress against the delivery of Business Plan objectives and enable TfN's partners to gain an overview of the work of TfN.
- 1.2 This quarter has been understandably impacted by the announcement by the Prime Minister on the 4 October 2023 of the cancellation of HS2 Phases 2a and 2b. The Government set out its approach to reallocating the funding previously identified for HS2 in its 'Network North document.
- 1.3 There is a need to reflect on the implications of the Government's policy announcement: both in terms of what it means for the revised Strategic Transport Plan and for realising the transformation in connectivity and capacity across the North's transport system. The evidence underpinning the STP is clear: investment in transforming our transport system is fundamental to enabling the North to realise its economic potential in a way that improves social inclusion and reduces environmental impact.
- 1.4 Following the success of the consultation on the draft STP over the summer months, the autumn has seen the team analyse the responses and identify the need for the document to be refined prior to its consideration by the TfN Board. That will now take place in March next year, a slight delay in order to ensure there is sufficient time to enable due consideration of the Network North document.
- 1.5 In addition to providing an update on progress with the delivery of our Business Plan we have also taken the opportunity in this QOR to include the more detailed half yearly Treasury Report as part of our financial reporting.

## **2 BP1: Consult on revised Strategic Transport Plan - Summer 2023**

- 2.1 In March 2023 the TfN Board approved a 12-week statutory consultation: this took place between May 2023 and August 2023. An independent Integrated Sustainability Appraisal (ISA) and Habitats Regulation Assessment (HRA) was also prepared and consulted on at the same time.
- 2.2 Stakeholders across the North were engaged using a number of mechanisms including promotion via our digital channels and news media. Some 648 responses, including statutory consultees, user groups, members of the public and our Northern Transport Voices panel: this is an increase on the engagement achieved with the first Strategic Transport Plan (STP).
- 2.3 Analysis of the consultation responses have been analysed throughout September 2023 and October 2023. This enabled key messages and themes to be identified which require consideration in preparing the final draft. Discussions with TfN Members and wider partners took place at the September 2023 meeting of the Partnership Board and the main TfN Board the same month.

## **BP2: Publish Connected Mobility Strategy – Summer 2023**

- 2.5 The Connected Mobility Strategy was published on 30 October 2023 with communications planned into November 2023, alongside a programme of work to the end of financial year.

- 2.6 A suite of reports and policy positions were published, including papers on interoperability in contactless payments, information provision for passengers and policy positions on both rail retail reform and rail fares reform in the North.

**BP3: Secure Adoption of the Revised Strategic Transport Plan – December 2023**

- 2.7 It was intended to present the final draft of the STP to the TfN Board for adoption in December 2023. However, on 4 October 2023, the Government announced the cancellation of Phases 2a and 2b of High Speed 2 (HS2). The announcement was accompanied by the publication of Network North document by Government.
- 2.8 The STP must demonstrate it has due regard for Government policy. Therefore, it is necessary to assess the implications of the Network North document with the TfN Board and ensure the STP has due regard to the most recent Government policy.
- 2.9 Following careful consideration by the TfN executive we are confident that the draft STP vision, strategic ambitions and outcomes remain valid, based as they are on a comprehensive and robust evidence base. Cancellation of HS2 phases 2a and 2b does not remove the need for investment in improved connectivity and capacity between the North and the Midlands. To ensure adequate time to determine how best to reflect this in the final version of the STP, and to reach an agreed position with the TfN Board, presentation of the final draft for approval is deferred until March 2024.
- 2.10 Following the consultation, the document has been updated to reflect feedback including amending the headline metrics, making a stronger case for freight and better articulating that the environmental benefits we seek are beyond decarbonisation.

**BP4: Rail reform – Issue Proposition for the North – December 2023**

- 2.11 Policy position papers on Rail Reform continue to be developed and the TfN Rail Reform Programme Board has been re-established: this is being used to develop the North's proposition which will be developed further by December 2023 and shared with members at the start of 2024.
- 2.12 The Government included a draft Bill for Rail Reform in the King's Speech delivered on 7 November 2023. The draft Bill will be the subject of pre-legislative scrutiny, expected to take place in the New Year.

**BP5: Provide Annual STP Action Plan – March 2024**

- 2.13 Initial discussions have been held with Partnership Board and Executive Board on the proposals for implementation advice that will accompany the final STP. This will include an annual action plan that amongst other things will set out the actions that TfN will do to support the delivery of the STP. It is planned that draft advice on implementation will be presented to the TfN Board for its consideration in March 2024.
- 2.14 The draft STP was accompanied by a modelling and evaluation framework, which set out plans for how the key metrics in the STP will be monitored. Work has been undertaken subsequently to develop an interactive dashboard that will enable progress against these key metrics to be presented

on a regular basis to the TfN Board. A first iteration of the dashboard has been shared with partners for comment.

**BP6: Update Future Transport Scenarios – March 2024**

- 2.15 The project team has been undertaking evidence reviews and lessons learned exercises to inform this work. Local authority partner engagement sessions are scheduled to take place by mid-December 2023. The project to update the scenarios will ensure we take account of future uncertainty within our work and embed this capability in TfN’s analytical tools and evidence base.

**BP7: Consult on and then publish final Strategic Rail Report – March 2024**

- 2.16 A draft of the Strategic Rail Report was published in May 2023 as part of the supporting documents for the draft STP consultation. Revisions to the document have been made in response to the consultation. The intention remains to present the final document to the TfN Board in March 2023.

**BP8: Ensure a strong case is forwarded for recommended RIS investment in the North – March 2024**

- 2.17 TfN submitted regional responses to the series of RIS 3 consultations published by the Department for Transport in the summer. This included statutory advice on the Strategic Road Network (SRN) initial report, and a response to National Highways Route Strategy Reports and Connecting the Country masterplan. At the time of writing, we are awaiting publication of the draft RIS by the Government.

**BP9: Publish Transport for the North’s Bus Policy Position – March 2024**

- 2.18 TfN has consulted partners and key stakeholders on ambitions for improving bus services and patronage. The TfN executive has identified a series of opportunities where TfN can support its partners. These will feed into the development of TfN’s Bus Policy Position and statutory advice on measures to transform bus services in the North. These are on track for presentation to the TfN Board in March 2023.

**BP10: Implement an online local public transport data toolkit – March 2024**

- 2.19 Launched in September 2023, this sets out the tools, data and information available to local authorities. The offer includes details of the “Off the Shelf Menu” which provides an in-depth overview of the various evidence, tools and policies. This includes our Transport Related Social Exclusion (TRSE) and Electric Vehicle Charging Infrastructure (EVCI) tools.
- 2.20 More bespoke guidance and support is also available through the TfN ‘offer’, including advice/guidance/ training on the application of our tools; and (topic specific) pan-regional partner engagement. A series of workshops on the application of the TRSE tool have recently been completed.
- 2.21 We have launched our Clean Mobility Tool, which is intended to assist on modal shift appraisal, and our Carbon Baseline tool.



### 3 **Functional Reports**

#### **Strategy and Research**

- 3.1 There has been a continued focus on developing the revised STP and the launch of the Transport for the North Offer and associated tools. The wider strategy and research programme continues to progress as set out below.
- 3.2 The 10 recommendations in the **Freight and Logistics Strategy**, are being progressed with focus on five work packages including stakeholder engagement, our evidence base and analytical capability and quick wins, primarily through our freight and logistics group. We also responded to the Future of Freight Planning call for evidence in October 2023.
- 3.3 Implementation of our **Decarbonisation Strategy** includes the release of the Clean Mobility and Carbon Baseline tools, as well the development of a Hydrogen Refuelling for Mobility visualiser which will assist partners identify locations for hydrogen refuelling stations.
- 3.4 The summary document for the **Northern Powerhouse Independent Economic Review (NPIER)**, is due to be published late 2023. This sets the new transformational vision of the economy of the North in 2050. We are working with partners, to shape the next stage of this programme.
- 3.5 The **Transport-Related Social Exclusion (TRSE)** survey, which engaged over 1,400 respondents was recently completed. It examined transport behaviours and perceptions, and the impacts that poor quality transport has on everyday life. The outcomes will be used to improve our TRSE tool methodology and will be published in March 2024.
- 3.6 Our **Northern Transport Voices (NTV)** panel continues to be an invaluable research tool for scoping public opinion. The panel provided input to the STP consultation, as well as views on the £2 bus fare cap, station ticket office closures, electric vehicles, and rural mobility hubs.
- 3.7 We have developed the **rural mobility evidence base** to support our partners in business cases for rural areas. A final report will be used to inform our review of DfT's policy paper for innovation in rural transport.

#### **Priorities for next Quarter**

- 3.8
- The STP will be finalised alongside an updated evidence base, Integrated Sustainability Appraisal and monitoring and evaluation dashboard
  - We will develop implementation advice, which will consider the strategies and actions emerging from the STP
  - We will commence scoping for the update of the Decarbonisation Strategy
  - The Carbon Assessment Playbook will be published for partners to use alongside our carbon baseline
  - Draft our research strategy, establishing our programme of activity for economic, social and environmental research for next 12 months.

#### **Strategic Rail**

- 3.9 The team has continued to support work by TransPennine Express (TPE) to stabilise and improve performance in the short term (including analysing

options for the future of Nova 3 trains) and continues to monitor and report train performance against operator recovery plans.

- 3.10 Work has continued via the TRU Stakeholder Forum to support first and last mile improvements and identify local stakeholder feedback. This has resulted in customer experience improvements being implemented at stations and online.
- 3.11 We have supported TfGM and DfT as they commission consultants to undertake a Rail Freight Routing Study. This study will help identify recent changes to the total freight market, update the future rail freight forecasts.
- 3.12 Information has been provided by TfN into the various timetable options analysis work now being undertaken for the predicted post 2025 travel demand scenarios.
- 3.13 We had finalised TfN's revised Statutory Advice for Manchester, however there is a need to consider whether that in turn needs to be subject to amendments following cancellation of HS2 Phases 2a and 2b.
- 3.14 Completion of NPR Core-Full Bridge workshops with partners which will now help inform Transport for the North's response to HS2 announcement.
- 3.15 Building on the work of the Rail North Committee, the main Board endorsed TfN's response on the Ticket Office Consultation proposals published by the operators. The response was submitted to the Secretary of State in October 2023. Subsequently the Secretary of State, following receipt of advice from Transport Focus instructed the operators to withdraw their proposals.
- 3.16 The TfN executive has worked closely with its partners in response to proposals for recasting the East Coast Main Line timetable from December 2024. The proposals were assessed in terms of how they had addressed the concerns raised by TfN (and partners) when the proposal had last been put forward. A report on the new proposals and their impact on rail services (including opportunities presented to enable additional services) was considered by the Rail North Committee at its meeting in November. A final decision on the proposal was remitted to the TfN Board in December 2023.

#### **Priorities for next Quarter**

- 3.17
- Progressing the Connected Mobility Strategy programme with a focus on providing support for TfN partners through the 'Hub' - a support service to assist LTAs developing new ticketing initiatives
  - Finalisation of the Strategic Rail Report in line with comments received during the Strategic Transport Plan consultation
  - Establishment of a Task and Finish Group on rail station accessibility
  - Understanding the implications of the Network North document
  - Establishment of a new Future Infrastructure and Services Group bringing together Transport for the North and RNP colleagues
  - Working through the Rail North Partnership to ensure that TfN's strategic priorities are reflected in the Northern and TPE Annual Business Plans
  - Development of an initial Rail Reform proposition and programme of engagement with GBRTT.

## Major Roads

- 3.18 The TfN executive has worked with Partners to prepare and then submit a statutory response to the Government's consultation on the SRN Initial Report. A response was to **National Highways** consultation on their Connecting the Country and Route Strategies Reports.
- 3.19 TfN has contributed to on-going National Highways studies, including the Transpennine study(A628/A616); RIS pipeline business cases and to piloting an approach to identifying Active Travel improvements.
- 3.20 A response to the Government's Future of Freight consultation, was prepared and submitted, in which TfN set out the importance of freight and logistics to the North's economy.
- 3.21 A range of advancements to the **Electric Vehicle Charging Infrastructure (EVCI) toolkit** have been delivered the toolkit continues to support local authority planning and strategic decisions.
- 3.22 The team is working with Transport for the South-East and Midlands Connect, as the first recipients of the EVCI tool rollout.
- 3.23 Partner engagement activities focused on **increasing bus patronage** in the North were completed, with the output presented to Partnership Board in September 2023. This will support a development of TfN Bus Policy Position by March 2024.
- 3.24 Work continues to further develop the functionality of the **public transport modelling tool**, which covers bus and light rail.

## Priorities for next Quarter

- 3.25
- Engage with DfT /National Highways as work to prepare the next Road Investment Strategy continues
  - Seek clarification on planned Major Road Network (MRN) investments following the Network North announcement
  - Develop recommendations on the criteria for a further round of MRN funding and complete a 'level of service' analysis
  - Progress Bus Working Group actions
  - Release of EV Charging Infrastructure toolkit advancements for Northern partner use and open public access
  - Partner engagement in the work to update the Future Travel Scenarios begins.

## TAME (NPR contract)

### Progress in this Quarter

- 3.26 Additional resource capacity focused largely on delivering Transport for the North service 'offer' to partners.
- 3.27 Appointment of two contracts - Aecom- the Northern Model Integration Tools (NorMITs) Land Use contract and WSP- Visualisation contract.
- 3.28 The Northern Behaviour Study contract is out for tender. This is an extensive data collection exercise to provide behavioural data in advance of a major re-calibration of the NoRMS variable demand model.

3.29 Work has commenced on Bradford Stations Analysis planning and scoping. This is a major study to appraise various new rail station locations in Bradford.

***Priorities for next Quarter***

- 3.30
- Working with DfT to understand and agree next phases of the NPR programme (including freight requirements)
  - Appoint Northern Behaviour Study supplier
  - Appoint NorMITs Demand Partner supplier
  - Continuing with the roll-out of analytical products to sub-national transport bodies
  - Providing support to LTAs with decarbonisation analysis and evidence for Local Transport Plans
  - Agree further work on Rotherham Station programme
  - Business planning activities for FY 2024/2025.

**Rail North Partnership**

***Progress in this Quarter***

- 3.31 **Northern Service Agreement** - The Northern Team has been working through NTL's delivery of its commitments for this year as well as readying for the commencement of the Annual Business Planning round, incorporating a "Levelling Up" section intended to describe activities and deliverables that capture rail's role in the levelling up agenda.
- 3.32 **TPT Service Agreement** - Working with TPT on the impacts of their recovery plans – including the Nova 3 train fleet, the correct service mix on East and West Coast Mainlines from Dec 2024 and new initiatives around terms and conditions. TPT's new Annual Business Planning round has begun, whilst completing complex contract-close-out discussions with former operator First TPE.
- 3.33 **Transpennine Route Upgrade** - Working with the programme and operators to frame out next year's Business Plan activities for both whilst focussing on smoothing the funding mechanism through which our operators are funded by NR for TRU activities.
- 3.34 **Planning and Procurement Programme** – Undertaking the governance around the replacement of hundreds of life-expired "I5x" trains; work continues on the introduction of "scorecards" into our public-sector operators.
- 3.35 **Stakeholder and Comms** - Continuing to support the establishment of regional business units; working with TfN and stakeholders on the development of operators' business plans and timetable development on the East Coast Main Line; working with WYCA on a pilot basic skills for rail programme; continuing to respond to correspondence from MPs and other stakeholders on operators' performance; and working with DOHL, Northern and TPT on improving co-ordination between operators, TfN and the Northern public on communications around operational changes including timetables.

3.36 **Finance** - the team is focussed on forecasting to year end to keep NTL and TPT to their budgets.

**Priorities for next Quarter**

- 3.37
- Progressing TPT’s request for changes to terms and conditions
  - Implementing the final decisions on Timetables to run for both operators into 2025
  - Working through Business Planning process including RNC members
  - Progress on Rolling Stock Replacement (NTL) and New Rolling Stock (TPT).

**Communications and Engagement**

***Progress in this Quarter***

3.38 The team continues to liaise with TRU Comms to ensure information flow between the programme and Transport for the North Comms is working so that risks and opportunities to be captured.

3.39 Liaison with DfT Comms and HS2 continues to ensure that key milestones are identified and exploited.

3.40 Drafted and disseminated media lines on the decision to delay A66 upgrade funding; on the decision not to bring forward proposals to close rail ticket offices; on Connected Mobility; on HS2 cancellation to the North; and on the National Infrastructure Assessment Report.

3.41 Issued regular dashboard updates to RNC members on performance; provided updates where necessary on key select committees, parliamentary statements and pertinent media stories.

3.42 Regular liaison with Comms/Engagement teams in partner organisations: in particular HS2 comms; National Highways; STB colleagues.

3.43 Provided communications support on TfN executive visits to partner colleagues in Crewe; Bradford and others.

3.44 Set up Rail North Committee briefing sessions as part of the development of a response to the Ticket Office consultations and to brief Members on the implications of the Network North document.

**Priorities for next Quarter**

- 3.45
- Organise a Community Rail event to convene those groups across the North at a Transport for the North hybrid event to ensure this key stakeholder group is covered off
  - Liaise with Strategic Rail over NPR Comms Plan in the light of the cancellation of HS2 to the North, the publication of Network North and how these impact the on-going work associated with the SOBC for NPR and subsequent DfT consultation
  - Refresh the Transport for the North NPR pages, with updates on our co-sponsor role and key milestones in the project as above
  - Planning for new year events including, Transport for the North’s annual conference, Convention of the North, and others

- Continue to hold the chair of the STB Comms Group for 2023/4.

## People and Finance

### HR Metrics – 2023/24 Year-to-Date:

3.46

#### Establishment - Permanent/Fixed-term Posts

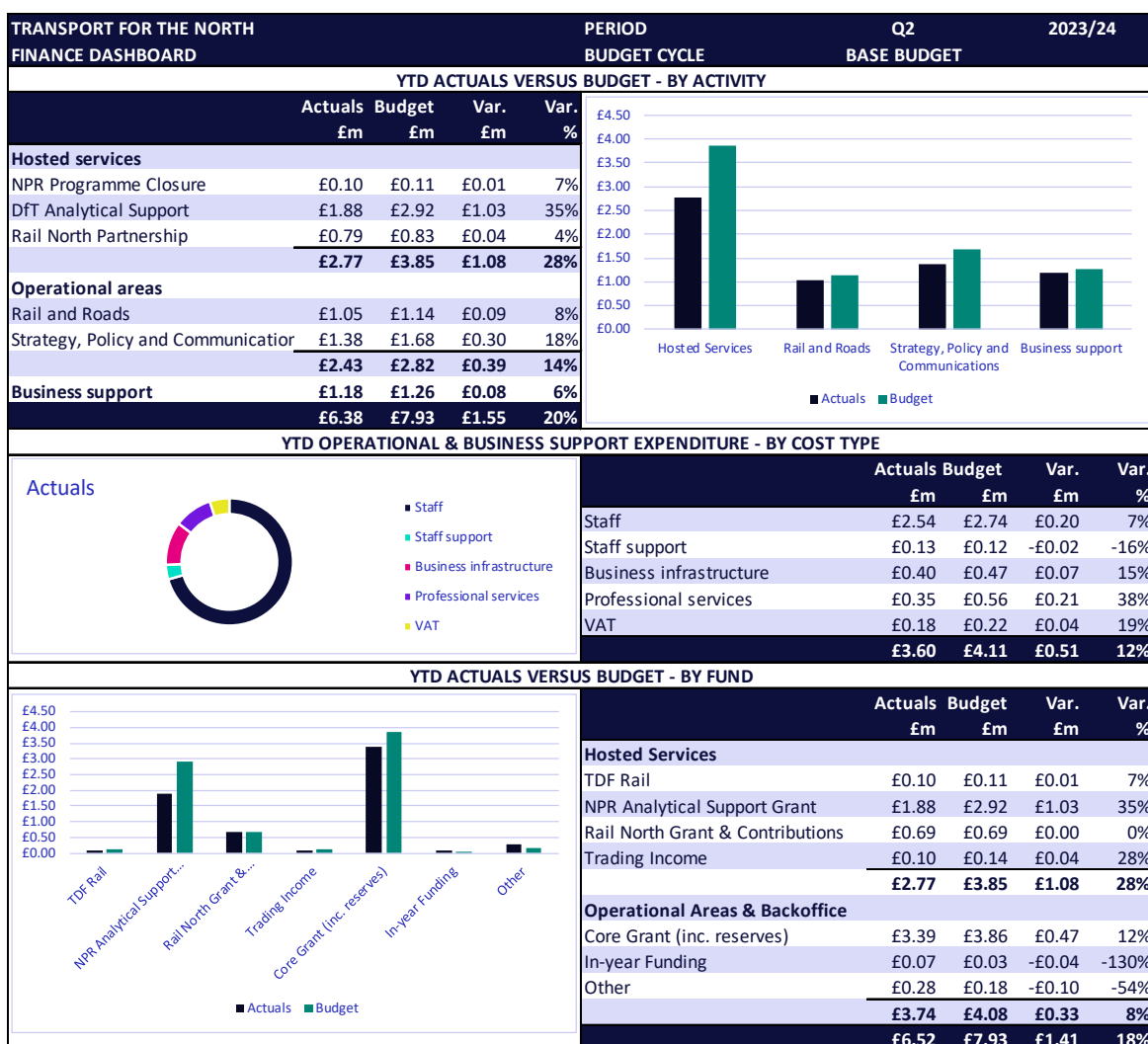
Area	Permanent (>2 years)	Fixed- Term (< 2 Years)	Total Posts
CEO Office	2	-	2
Support Services	19	-	19
Operational & Delivery	49	-	49
DfT Data Services (Hosted)	24	-	24
Rail North (Hosted)	14	3	17
<b>Total Establishment</b>	<b>108</b>	<b>3</b>	<b>111</b>
<b>Strength (In Post)</b>	<b>100</b>	<b>3</b>	<b>103</b>
<b>Appointed (Start Date Pending)</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>Pending/Active Recruitment</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>Vacant – On-hold</b>	<b>6</b>	<b>-</b>	<b>6</b>

#### HR KPI's – 2023/24 Year-to-Date:

<b>Corporate Sickness Level:</b>	<b>2.4%</b>
<b>Employee Turnover (Voluntary Leavers):</b>	<b>5.1%</b>
<b>% of Employees from an Ethnic Minority Background:</b>	<b>17%</b>
<b>% of Employees declaring a Disability:</b>	<b>20%</b>
<b>Gender Mix -</b>	
<b>% of Female Employees:</b>	<b>38%</b>
<b>% of Male Employees:</b>	<b>62%</b>

## Finance

3.47



3.48 Total expenditure YTD is £6.4m, £1.6m (20%) below base budget.

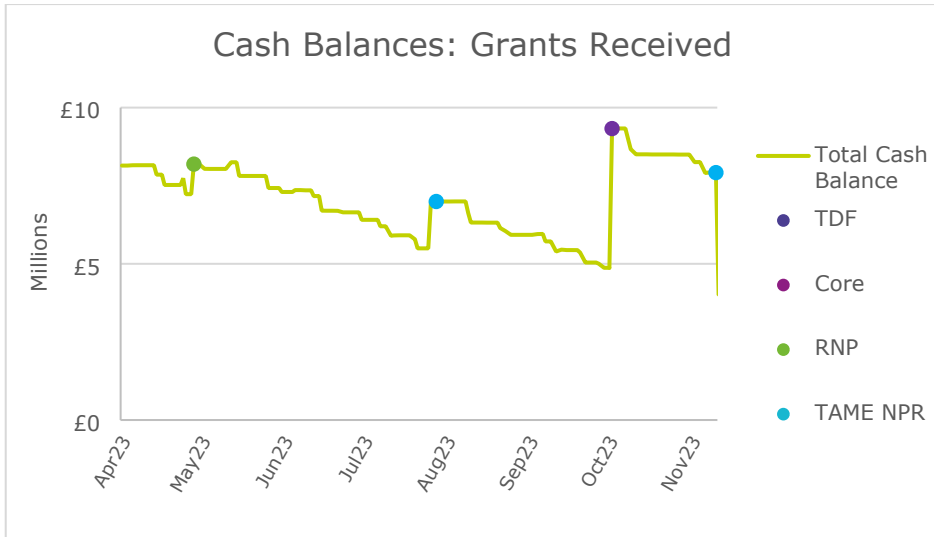
3.49 The underspend is mainly due to DfT Analytical Support, partly due to vacancies in the team but primarily because of the delay in agreeing the workplan for the year (it was agreed in Q2).

3.50 From an operational and business support perspective, staff underspends are the key driver resulting from delays in recruitment. Any savings to date are being monitored and where possible, mitigated through reallocating to new opportunities/new priorities as they arise.

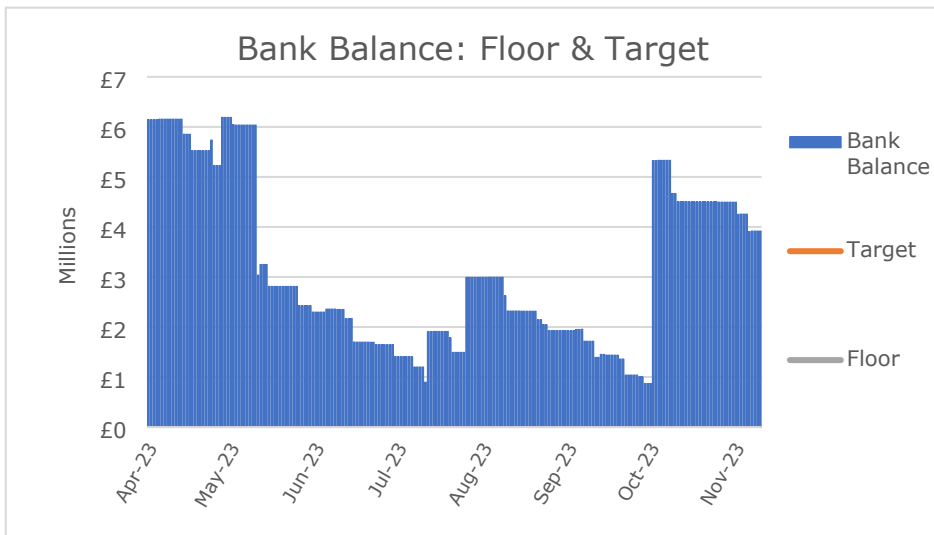
### Mid-Year Treasury Management Update:

3.51 The constitution obliges officers to report to Board at the mid-year mark on performance against the Treasury Management Strategy. Unlike many partner bodies, we are prohibited from borrowing, therefore the strategy directs how we manage cash and investments. To date, we have operated within the parameters set out in our Treasury Management Strategy.

3.52 The following charts show 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.

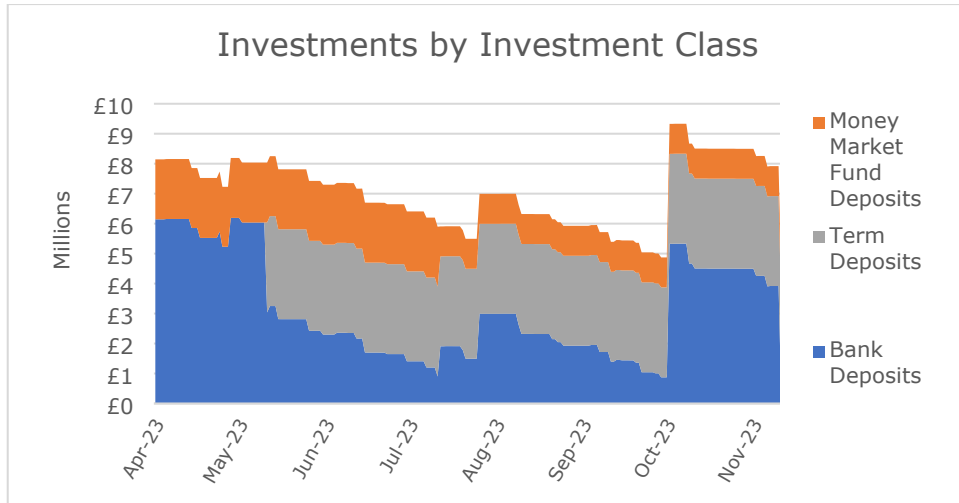


3.53 The principal source of income is grant from DfT which is received periodically leading to the pattern of cash balances shown above i.e. a peak on receipt of grant followed by a gradual run down of balances until the next grant instalment is received. £2.7m of our core allocation for 2023/24 was received on 31 March 2023.



3.54 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. In full compliance with our Treasury Strategy, at times we have held a balance above £5m, invariably linked to optimising our investment strategy. Yields have further improved this year, with the interest return on our business account only slightly lower than the alternatives at a similar level of security.





- 3.55 During the year we have sustained a suitable balance in Barclays, our business bank account. In July 2023, due to the delay in receipt of our second tranche of core funding, £1m was released (from the money market fund) to cover forthcoming liabilities.
- 3.56 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.

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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 15 December 2023

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**1. Purpose of the Report:**

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

**2. Recommendations:**

- 2.1 That the Committee notes the Internal Audit reports.

**3. Audit Key Points:**

- 3.1 RSM have supplied:
- Progress report
- 3.2 RSM will provide a further verbal update of the detail within these reports during the Audit & Governance Committee.

**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

15 December 2023

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 2023/24 was approved at the February 2023 Audit and Governance Committee meeting.

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



Fieldwork dates have been agreed for the remaining internal audit reviews for 2023/24. Scoping meetings to discuss the focus of these reviews are currently taking place.

For two reviews we have recently concluded their fieldwork, these relate to our Staff Mental Health and Wellbeing and IT: Security Review audits.

See Appendix A for further details. [\[To note\]](#)



One change has been made to the internal audit plan 2023/24 since the last Audit and Governance Committee meeting This is outlined in Appendix A below. [\[To note\]](#)



We have shared with management several briefings and invites. These are outlined in Appendix B below. [\[To note\]](#)

## 2.1 Themes arising from control observations in 2023/24 reports

	2022/23	Advisory	Low	Medium	High
Planning	0	0	0	0	0
Policies and / or procedures	3	0	1	0	0
Non-compliance with policies / procedures	1	0	1	1	0
Design of the control framework	10	0	0	0	0
Training / awareness for staff	0	0	0	0	0
Management or performance information	2	0	0	0	0
Lack of segregation of duties	0	0	0	0	0
Poor record keeping	1	0	0	0	0
Risk Management	0	0	0	0	0
Governance weaknesses	3	0	0	0	0
Information technology	0	0	0	0	0
Management actions from previous audit reports	2	0	1	0	0
<b>Total</b>	<b>22</b>	<b>0</b>	<b>3</b>	<b>1</b>	<b>0</b>

No arising themes have been detected through our work conducted at this time. Themes will continue to be analysed throughout 2023/24 following the completion of each audit assignment.



## Appendix A – Progress against the internal audit plan 2023/24

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Target Audit and Governance Committee (as per IA plan 2023/24)	Actual Audit and Governance Committee
		L	M	H		
IT and Remote Working Asset Management (1.23/24)	Reasonable Assurance	2	1	0	July 2023	July 2023
Follow Up (2.23/24)	Good Progress	12 of 13 actions completed			July 2023	July 2023
Staff Mental Health and Wellbeing	Fieldwork Complete	-	-	-	November 2023 (revised February 2024)	-
IT: Security Review	Fieldwork Complete	-	-	-	November 2023 (revised February 2024)	-
Performance Management and Appraisals	Due to commence 29 January 2024	-	-	-	February 2024 (revised July 2024)	-
Value for Money*	Due to commence 12 February 2024	-	-	-	July 2024	-

\*Dates for our Value for Money review were amended as TfN has a new Head of Procurement in post.



## Appendix B – other matters

### On-going liaison and changes to the internal audit plan 2023/24

The internal audit plan 2023/24 and three year strategy were approved at the February 2023 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.

RSM's Alex Hire also met with TfN's Finance Director and Risk Manager on 15 September 2023 to discussing timings for the remaining audits in the internal audit plan 2023/24. With these changes, there has been a requirement to revisit the timings of presentation to the Committee.

### 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.

### Updates and briefings

Since the last Group Audit and Governance Committee meeting, we have issued the following:

- We have shared with management details regarding the following events:
  - Employment Matters Webinar, held on 18 October 2023; and
  - Post-Budget webinar, held on 22 November 2023;

We have also shared the following briefings:

- National Minimum Wage ('NMW') Risk Area Flyer (July 2023);
- RSM Emerging Risk Radar (July 2023); and
- Autumn Budget 2023 (October 2023).



## 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.

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**, Meeting:** Audit and Governance Committee  
**Subject:** Preparation of the Annual Governance Statement  
**Author:** Joanne Barclay, Senior Solicitor  
 Julie Openshaw, Head of Legal  
**Sponsor:** Paul Kelly, Finance Director  
**Meeting Date:** Friday, 15 December 2023

**1. Purpose of the Report:**

- 1.1 To advise Audit and Governance Committee of the need for Transport for the North to prepare an Annual Governance Statement for the financial year 2023/2024 and commence the process for doing so.
- 1.2 For Audit and Governance Committee to note the proposal to include further information on Transport for the North’s partnership governance arrangements in the Introduction of the Annual Governance Statement.
- 1.3 For Members to consider the effectiveness of Transport for the North’s Anti-Fraud and Corruption Policy with regard to its internal organisational measures; see Appendix 1 to this report.

**2. Recommendations:**

- 2.1 That the Audit and Governance Committee notes this report and supports the intended timeline for preparation of the Annual Governance Statement.
- 2.2 That Audit and Governance Committee notes and supports that further information on partnership governance arrangements will be included in the Introduction of the Annual Governance Statement and will be presented to the Committee at the next meeting.
- 2.3 That the Audit and Governance Committee notes, supports and agrees that the review set out in Appendix 1 and the systems in place supports delivery of the Anti-Fraud and Corruption Policy.

**3. Main Issues:**

**Annual Governance Statement**

- 3.1 Under Regulation 6(1) of the Accounts and Audit Regulations 2015, Transport for the North is required to carry out an annual review of the effectiveness of its system of internal controls and to publish a report of this review in its Annual Governance Statement.
- 3.2 The Annual Governance Statement is included in the Statement of Accounts which are published according to the legislative timetable. The approval deadline for the 2023/24 financial year will be 30 September 2024.
- 3.3 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.

- 3.4 In carrying out this annual review, Transport for the North is required to comply with the guidance issued by CIPFA in its guidance "Delivering Good Governance".
- 3.5 Officers will assess Transport for the North'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.
- 3.6 The review will be carried out by a small team drawn from the Finance and Legal teams and the Risk Manager.
- 3.7 As part of the work programme for 2023/2024, officers will be reviewing the format and content of the Annual Governance Statement in order to make any appropriate enhancements, including providing further information on the partnership arrangements.
- 3.8 In undertaking this review, officers will take in to account best practice, and compare Transport for the North's Annual Governance Statement against other local authorities. Officers will present their findings at the next Committee meeting and take further feedback from the Committee.

#### **Proposed Timetable for carrying out the Review**

- 3.9 A draft Annual Governance Statement will be presented to the Committee for consideration and review at the next meeting on 8 March 2024. This statement will be formally approved by Transport for the North Board as part of the Statutory Accounts approval process in September 2024.

#### **Effectiveness of the Anti-Fraud and Corruption Policy**

- 3.10 Under the Terms of Reference of the Audit and Governance Committee, the Committee has a responsibility to monitor the Anti-Fraud strategy which is contained in the Anti-Fraud and Corruption Policy within the Constitution.
- 3.11 Taken together the organisational controls which Transport for the North have put in place to support the Anti-Fraud and Corruption Policy and are considered to provide reasonable assurance to the Committee that Transport for the North has put in place appropriate anti-fraud and corruption protection.

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

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

- 4.1 There are no financial implications arising from this report.

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

- 4.2 There are no additional direct resourcing implications to Transport for the North as a result of this report.

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

- 4.3 The Legal implications are contained within this report.
- 4.4 Taken together the organisational controls which Transport for the North have put in place to support the Anti-Fraud and Corruption Policy provides reasonable assurance to the Committee that Transport for the North has put in place appropriate anti-fraud and corruption protection.

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

- 4.5 Transport for the North's risk management strategy supports the controls that are in place in respect of Transport for the North's Anti-Fraud strategy. Risks,

controls, and mitigations actions are reviewed regularly, with a reporting structure in place at functional and corporate level.

***Environmental Implications***

4.6 There are no environmental implications.

***Equality and Diversity***

4.7 There are no equality and diversity implications.

***Consultations***

4.8 Legal Services have consulted with all relevant services areas in relation to the review of the Anti-Fraud Strategy.

**5. Background Papers:**

5.1 Not applicable.

**6. Appendices:**

6.1 Appendix 1 – Review of Anti-Fraud Strategy (Anti-Fraud and Corruption Policy).

6.2 Appendix 2 – Anti-Fraud and Corruption Policy.

**Glossary of terms, abbreviations and acronyms used**

a) TPE	<i>TransPennine Express</i>
b) NPR	<i>Northern Powerhouse Rail</i>
c) NTC	<i>Northern Transport Charter</i>

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## **Review of Transport for the North (“TfN”) Anti-Fraud strategy**

### **Introduction:**

The monitoring of TfN’s Anti- Fraud strategy is contained in the Audit and Governance Committee’s Terms of Reference. This strategy has been adopted in to TfN’s constitutional framework by virtue of TfN’s Anti-Fraud and Corruption policy. The policy sets out TfN’s commitment to combat fraud and corruption wherever it may arise in relation to any of TfN’s activities.

The purpose of the review is to monitor the effectiveness of the Anti-Fraud strategy.

### **Parameters of Review:**

This review looks at the controls that TfN has put in place to ensure the security of TfN’s financial transactions and the probity and integrity of its operations.

These measures are contained in TfN’s Anti-Fraud and Corruption policy.

They are as follows:

#### **1. The Roles of the Statutory Officers**

##### *Section 151 Officer / Finance Director*

The Constitution sets out the delegations to the Section 151 officer / Finance Director. He is responsible for the proper administration of TfN’s financial affairs and compliance with the Accounts and Audit Regulations 2015

These are set out in Part 3, 18.9 of the Constitution.

Within the Anti-Fraud and Corruption policy, the Finance Director is responsible for ensuring that suspected financial irregularity is reported and investigated. The Finance Director is responsible for deciding what investigation action is to be taken and ensuring it is completed.

##### *Monitoring Officer / Head of Legal*

The Constitution sets out the delegations to the Monitoring Officer / Head of Legal. She is responsible for reporting to the TfN board and to give advice on any matter that is likely to, or has given rise to, any unlawfulness or maladministration in the affairs of TfN.

These are set out in Part 3, 18.10 of the Constitution.

Within the Anti-Fraud and Corruption policy, any concerns relating to member compliance with the Code of Conduct would be referred back to the Member’s appointing Authority for consideration / investigation.

Neither the Section 151 officer nor the Monitoring Officer have needed to present a report to the Board during 2021 /2022 and 2022 / 2023.

## **2. The Finance Regulations**

These have been adopted as part of the Constitution and set out rules in relation to accounting arrangements, banking arrangements, budgetary control, capital and revenue budgets, control of expenditure and virements, borrowing and investments and Internal Audit.

These are set out in Part 6, paragraph 26 of the Constitution.

## **3. Financial Controls inherent in the Financial System**

TfN's financial systems incorporate a number of financial processes and controls. The two main systems utilised are its ERP system (Microsoft Dynamics) and its banking system with Barclays.

Transaction processing through the ERP system is performed via a permanent system architecture. The transaction flow through this system involves appropriate segregation of duties and financial controls. These processes include

- (1) Invoice processing
- (2) Goods receipting
- (3) Invoice matching
- (4) Payment processing
- (5) Bulk BACS decision packs
- (6) Vendpay journal and import to Barclays
- (7) Approvers decision packs. These include a series of independent checks to confirm the processes above have been followed, for example, every payment has an invoice, goods receipt, approved commissioning papers, purchase order and matches the bank details provided independently by the supplier.

In respect of number 6 above, once the Vendpay journal has been imported into Barclays an independent system of financial control exists. These include:

- (1) Biometric (i.e. finger-vein) identity verification technology to gain access.
- (2) An automated sort code, account number and name check. If these do not match system records for any payee, a warning message is raised.
- (3) The system flags any new banking settlement details i.e. suppliers paid for the first time. This raises a warning flag to bring this to the awareness of the approver.
- (4) Dual approval, using biometric technology.

Monitoring arrangements are frequent and robust. These include weekly bacs reconciliations, regular balance sheet reconciliations, monthly procurement card reconciliations, and monthly management accounts. Monthly budget reporting is provided to budget holders and reconciled to the ledger. TfN's quarterly Operating Report, which

includes both a performance update and financial information is made available to officers and members and is publicly available on TfN's website. Budget revisions are presented to TfN board for approval, oversight and challenge.

#### **4. The Contract Procurement Rules & Contract Procedure Rules**

These have been adopted in the Constitution. Their role is to promote good procurement and purchasing practice and public accountability and deter corruption.

They are set out in Part 6, paragraph 27 and 28 of the Constitution.

All officers responsible for procurement and purchasing must comply with these Rules and for the purpose of these rules all communication must be in writing to ensure that there is a audit trail in relation to the purchase of goods and or services.

The rules state that the procurement procedures must be consistent with the highest standards of integrity. The rules set out the ways in which proposed contracts should be advertised, tendering arrangements, evaluation procedures, requirements around negotiation and award of contracts. The rules have been designed to ensure all procurements comply with legal requirements as well as ensuring value for the money through transparent and open competition.

New procurement legislation is due to come into effect in October 2024, and the Procurement Manager is in the process of updating the rules and procurement documentation to ensure that it is reflective of the new legislation.

#### **5. The Controls in the Procurement System**

TfN has operationalised its controls through the implementation of its scheme of delegation of financial decision making via an electronic commissioning process (D356 electronic commissioning process) and the hard wiring of processes and controls in its ERP system. The establishment of sound practices, procedures, and systems, incorporating effective controls are subject to effective monitoring, supervisory and managerial arrangements.

The system incorporates the following controls which ensures that all procurements are carried out in accordance with the Contract Procedure Rules. The approval workflows within the system reflect the scheme of delegation in that they

- (1) Distinguish between programme and core activities
- (2) Identify expenditure levels and relevant approvers, and
- (3) Waiver requirements.

## **6. Internal Audit**

Internal Audit is undertaken by an external internal audit provider (RSM) who input into the preparation of the Annual Audit Plan, which is approved by the Audit and Governance Committee. Internal Audit's findings are reported to the Committee for their consideration. This Plan includes an audit of the major financial systems to ensure that the checks and controls above are in place.

Since 2021 /2022, internal audit have provided substantial and reasonable assurances in relation to the following areas (1) Risk Management; (2) Core Financial Systems; (3) Income Management; (4) IT Audit; (5) Procurement Framework / Contract Management. These provide assurance that TfN's business controls and processes are effective.

## **7. Risk Management**

TfN's risk management strategy supports the controls that are in place in respect of TfN's Anti Fraud strategy. Risks, controls, and mitigations actions are reviewed regularly, with a reporting structure in place at functional and corporate level.

## **8. The IT Security Policy**

TfN has adopted a comprehensive IT Security Policy which includes TfN's Data Security Policy in order to ensure the security of TfN's data assets, to preserve the confidentiality, integrity and availability of its data assets; and to protect them from inappropriate access, modification or manipulation.

TfN has also put in to place a series of system protections to prevent unauthorised access, such as Azure compliance policies for all TfN devices, mandatory local drive encryption through BitLocker, mandatory account login security through conditional access; including multifactor authentication, location authentication and sign in alerts based on user location patterns.

Acceptable Use and Data Security are included in the induction training for all new members of staff and the IT Security Policy is available on the staff intranet.

The IT team are notified of any attempted unauthorised access to the TfN's IT systems through Microsoft Azure alert systems for sign in attempts and Azure Defender for Virus or Malware notifications. TfN operates a cloud-based infrastructure, if a virus does flag on a device, devices are separated from network infrastructure and cannot spread across the network due to the architecture of the environment.

No breaches of TfN' security systems have been identified since the last review by officers of the Anti Fraud strategy. While sign in attempts do happen, the multi-factor authentication and location authentication features which TfN has in place, block the sign ins from completion, ensuring prevention of any access to the accounts or systems. A log is kept of any attempted sign ins and users are identified and steps taken to investigate and force a change and increase in password strength and complexity.

A Cyber Security audit was undertaken during 2020 /2021 and provided "reasonable assurance" in relation to these processes.

A Cyber audit follow up was completed in summer 2022, confirming all outstanding remediations were completed. Cyber penetration testing is also completed on TfN systems on an annual basis to ensure maximum security. The most recent one was in December 2023.

The ICT team undertake cyber penetration weeks with external assessors on an annual basis. During this time, the security of the IT systems are tested and best practice is then relayed to the IT team with documentation on remediations.

Cyber security warnings are sent as needed to staff via an internal communications bulletin, internal Phishing tests are also put in place for staff with feedback training provided.

## **9. Codes of Conduct for Members and Officers**

TfN has elected not to adopt its own Members' Code of Conduct and to rely on Board Members complying with the Code of Conduct of their home Authority.

Those co-opted Members who are not elected Members are expected to comply with the Cabinet Office Code of Conduct for Board Members of Public Bodies. All Local Authority Members' Codes of Conduct and the Cabinet Code of Conduct contain anti-corruption provisions ensuring that Members do not accept inappropriate gifts or hospitality and act only in the public interest.

During 2021 /2022 and 2022/ 2023 no complaint of misconduct has been received against any Member of the TfN Board.

### *Code of Conduct for Officers*

TfN has adopted a Code of Conduct for Officers. This is included in the TfN Constitution and sets out the behaviours that TfN expects from its employees. This is then supported by TfN's employment policies, its induction and training and ultimately its disciplinary policy.

During 2021/22 and 2022 /2023 there have been no disciplinary procedures brought against officers relating to breaches of financial controls.

#### *Whistleblowing Policy*

The Policy asserts TfN's commitment to the highest possible standards of openness, probity and accountability in all its activities and its commitment to encouraging employees and other workers who have legitimate concerns about wrongdoing in any of the organisation's activities to voice those concerns. The Policy provides clear guidelines for officers on how to raise concerns and training for TfN employees has been rolled out on the Intranet Employee Development site. Employees can raise whistleblowing concerns to an independent organisation, Protect. The details of how to contact Protect are set out in the policy.

No concerns have been raised under the Policy during 2021/2022 and 2022 /2023.

#### **Conclusion:**

The organisational controls which TfN have put in place to support the Anti-Fraud and Corruption Policy are effective and it is considered that they provide reasonable assurance to the Committee that TfN has in place appropriate anti-fraud and corruption protection.

#### *Members Code of Conduct*

## SECTION E ANTI FRAUD & CORRUPTION POLICY

### 60 Policy Statement

- 60.1 Transport for the North is committed to ensuring that people within its area can have complete confidence that the affairs of Transport for the North, its committees and joint committees are conducted in accordance with the highest standards of probity and accountability. Transport for the North is, consequently, committed to combating fraud and corruption wherever it may arise in relation to any of Transport for the North's activities or services and involving any Members of Transport for the North, its committees or joint committees, or officers of Transport for the North and its Constituent Authorities who provide services to Transport for the North, its committees or sub committees or members of the public or other third parties.
- 60.2 In this policy references to members of Transport for the North include references, where appropriate, to elected members, co-opted members and members of its committees and joint committees and, references to officers of Transport for the North include references where appropriate to officers of the Constituent Authorities who provide services to Transport for the North, its committees and joint committees.
- 60.3 Transport for the North expects Members and Officers to demonstrate the highest standards of honesty and integrity. This includes compliance with appropriate legislation, Member and Employee codes of conduct, Standing Orders, Financial Regulations, conditions of service, standards of appropriate professional bodies, and any other standards, guidelines or instructions which are relevant to the particular service or activity.
- 60.4 Transport for the North is committed to establishing and maintaining effective arrangements to prevent fraud and corruption. Transport for the North recognises, however, that fraud and/or corruption cannot always be prevented, and so effective arrangements have been established to detect and investigate all incidents or situations where fraud and/or corruption is suspected.
- 60.5 Transport for the North will not tolerate dishonesty on the part of any of the members or officers of Transport for the North or any persons or organisations involved in any way with Transport for the North. Where fraud or corruption is detected Transport for the North will rigorously pursue appropriate action against the persons concerned including legal and / or disciplinary action.
- 60.6 Transport for the North is committed to creating and maintaining an anti-fraud and corruption culture and this includes establishing arrangements which enable officers, or other persons, to express concerns and suspicions without fear or repercussions or intimidation and in the knowledge that the information will be treated confidentially and will be investigated fully and rigorously.
- 60.7 Transport for the North is committed to working constructively with the police and other relevant agencies in relation to combating fraud or corruption within Transport for the North or within the wider community.
- 60.8 Transport for the North will seek to ensure that its stance on anti-fraud and corruption is widely publicised. All Officers and Members of Transport for the North will be made

aware of this policy statement.

- 60.9 This policy statement is supported by guidance notes that set out the procedures for applying the policy.

## **61 Anti-Fraud and Corruption Procedures Introduction**

- 61.1 The Transport for the North is committed to the highest standards of probity and Accountability to safeguard public funds. It will not tolerate dishonesty on the part of Members, officers or others involved with Transport for the North. It expects that elected Members and officers at all levels will act in a manner that ensures adherence to statutory requirements and to the rules and procedures of Transport for the North.

- 61.2 The Anti-Fraud and Corruption Policy applies to all Members and officers of Transport for the North. It also applies as far as it can to any persons, companies or organisations in relation to their dealings with Transport for the North including partnership arrangements and developments involving 'arm's length' companies or organisations, contractors, consultants, suppliers and claimants.

- 61.3 Transport for the North's primary objective, through the Anti-Fraud and Corruption Policy, is to ensure that fraud and corruption does not occur within Transport for the North and if it does occur that it is detected and dealt with effectively.

- 61.4 These guidance notes are intended to advise all Members and officers of obligations and rights within this policy and to assist Chief Officers in dealing with any matters which arise in relation to the policy.

## **62 Definition of Fraud**

- 62.1 The legal definition of fraud contained within the Fraud Act 2006 includes; fraud by false representation; fraud by failing to disclose information and fraud by abuse of position. Fraud is typically associated with financial loss however this policy relates to acts of dishonesty whether or not financial loss is incurred. For the purposes of this guidance note fraud may include:

- a) The intentional distorting of statements or other records by persons internal or external to Transport for the North which is carried out to conceal the misappropriation of assets, evasion of liabilities or otherwise for gain;
- b) Unauthorised use of Transport for the North property; or
- c) Theft of monies or other Transport for the North property by persons internal to Transport for the North.

- 62.2 The theft of Transport for the North property carried out by persons external to Transport for the North through for example break-ins, burglary and opportunist theft falls outside the scope of the Anti-Fraud and Corruption Policy. Thefts of this nature should continue to be reported by Chief Officers directly to Internal Audit and the police in the normal way.

- 62.3 Fraud is a deliberate act of commission or omission by an individual or group of individuals. Fraud can occur in a number of ways including:
- a) Fraud perpetrated against Transport for the North by members of the public or other third parties;



- b) Fraud perpetrated against Transport for the North by Members or Officers of Transport for the North;
  - c) Fraud perpetrated jointly by members of the public or other third parties in collusion with Officers or Members of Transport for the North.
- 62.4 Areas which may be most at risk in respect of fraud include, but are not exclusively related to, the following:
- a) Payroll – falsification of records (time sheets, overtime claims); creation of fictitious employees;
  - b) Creditor payments – payments for work not completed or not in accordance with the specification, or for goods not supplied or not in accordance with the original order;
  - c) Expenses claims – over claiming of expenses;
  - d) False, fictitious or contrived claims. The unauthorised setting up or amendment of claims by officers (including payments to self, family, friends etc.). Officers aiding or abetting third parties in the completion or submission of false claims;
  - e) Bank accounts and imprest accounts – use of accounts for unauthorised purposes;
  - f) Equipment and vehicles – unauthorised personal use.

### **63 Corruption**

- 63.1 Corruption is defined as the offering, giving soliciting or acceptance of an inducement or reward that may influence the action of any person.
- 63.2 The main law relating to corruption in public bodies is the Bribery Act 2010 supplemented by the Local Government Act 1972. The law specifies that it is sufficient to prove that the money or consideration has been given or received and will presume that the money or consideration has been given or received corruptly unless the contrary is proved. This represents a reversal of the usual presumption of guilt and innocence.
- 63.3 Corruption occurs if a person offers gifts or consideration as an inducement or acts in collusion with others that is with two or more persons acting together. This could involve Members or officers of the Authority, members of the public or other third parties.
- 63.4 Areas which may be most at risk in respect of corruption include, but are not exclusively related to, the following:
- a) Tendering and award of contracts;
  - b) Settlement of contractors claims for loss and expense, compensation, additional payments, or work not done or substandard;
  - c) Disposal of assets.

### **64 Anti-Fraud Culture and Key Principles**

- 64.1 Transport for the North aims to ensure that Members and officers exercise proper stewardship of public money and that effective controls and procedures are embedded into all working practices which will prevent and detect fraud and corruption. Members and officers should be aware of their roles in preventing and detecting fraud and managers should ensure they lead by example in compliance with rules and regulations.
- 64.2 Legislation regulates local authorities and, amongst other things, sets out the framework that ensures that local authorities adopt effective control and governance arrangements.

Within this framework, Transport for the North has adopted a Constitution containing instructions, regulations and procedures which are designed to ensure high standards of probity in the conduct of the affairs of Transport for the North of which this policy forms a part.

- 64.3 The primary defence against fraud and corruption is the establishment of sound practices, procedures, and systems, incorporating effective controls, which are subject to effective monitoring, supervisory and managerial arrangements. It is the duty of every manager and supervisor to operate the systems and controls in their area of responsibility, necessary to prevent and detect fraud and corruption. Failure to do so, especially where such failure results in fraud, corruption, or theft, may result in disciplinary action.
- 64.4 These control arrangements need to apply within an overall culture, within Transport for the North, which positively promotes the highest standards of probity and which makes it absolutely clear that Transport for the North will not tolerate dishonesty on the part of any of the officers or Members of Transport for the North or any persons or organisations involved in any way with Transport for the North.
- 64.5 Compliance with all the rules and statutes referred to above involves the implementation and maintenance of effective management arrangements, systems, controls, procedures, working practices, standards of good practice and monitoring arrangements. This combination of measures, allied to a culture that promotes the highest standards of probity, represents Transport for the North's primary defence against fraud and corruption.
- 64.6 Where Transport for the North Members or Officers are involved, or where any person acts on or as an agent of Transport for the North, or where initiatives or schemes involve funding through Transport for the North, the principles outlined in the Anti- Fraud and Corruption Policy must be applied.

## **65 Roles and Responsibilities of Members**

- 65.1 All Members have a duty to act to prevent fraud and corruption. Every Member has a role to play in maintaining the standards of probity and integrity that the public is entitled to expect. This includes compliance with relevant rules and procedures, the Code of Conduct for Members, which elected Members have adopted in their Constituent Authorities, and the Code of Conduct for Board Members of Public Bodies, which co-opted members are expected to adhere, to address standards and expectations.

## **66 Audit and Governance Committee**

- 66.1 The Audit and Governance Committee will regularly review the Anti-Fraud and Corruption Policy and will ensure that any matters arising from the implementation of the policy are properly investigated. Internal Audit will report to the Audit Committee on significant matters arising from investigations of fraud and corruption.

## **67 The Finance Director**

- 67.1 The Finance Director is responsible for ensuring that suspected financial irregularity is reported and investigated. The Finance Director is responsible for deciding what

investigation action is to be taken and ensuring it is completed.

## **68 Monitoring Officer**

68.1 Any concerns related to Member compliance with the Code of Conduct would be referred back to the Member's appointing Authority for consideration/investigation. Transport for the North will co-operate fully with any such investigation and will provide all necessary information/evidence.

## **69 Internal Audit**

69.1 Internal Audit acts on behalf of the Finance Director in relation to the investigation of reports of financial or other irregularity and can offer advice and support to managers during this process.

69.2 The Internal Audit also provide advice on appropriate controls to help prevent and detect fraud and corruption and will work with Chief Officers to provide assurance that controls are working as intended and to improve internal control where necessary.

## **70 Management**

70.1 Chief Officers have a specific responsibility to publicise the anti-fraud and corruption policy to all officers and to ensure that they are aware of their responsibilities as outlined in this policy and of sanctions that can be levied.

70.2 Managers are responsible for actively dealing with suspected cases of fraud in a reasonable timeframe.

70.3 Responsibility for maintaining effective systems, procedures, and controls to prevent fraud and corruption rests with the Chief Officer and their managers responsible for relevant systems or particular areas of service.

## **71 Officers**

71.1 All officers have an obligation to be vigilant to the risk of fraud and corruption. They are expected and positively encouraged to raise concerns relating to potential fraud and corruption when they become aware of it. Employees should report matters of concern as soon as possible. Reports raised in good faith will be treated in a confidential manner and investigated.

71.2 The Employees Code of Conduct addresses Transport for the North's standards and expectations of personal conduct. Breaches of conduct will be addressed through disciplinary procedures.

## **72 Reporting Irregularities - Members**

72.1 Where Members wish to report alleged irregularities, the normal reporting route should be through the Chief Executive or the Finance Director.

72.2 The Chief Executive and Monitoring Officer must be informed where alleged irregularities involve Members. If allegations involve a breach of the Code of Conduct this will be

referred to the Member's appointing Authority.

### **73 Reporting Irregularities - Officers**

- 73.1 As indications of suspected irregularities could arise in many different ways it is possible that any of Transport for the North's officers could be the first to become alerted to a potential situation involving fraud or corruption.
- 73.2 Any officer, becoming aware of a potential financial irregularity must, under normal circumstances, report the situation to his/her line manager as soon as possible. The manager in turn should also report through the management structure and to Internal Audit as soon as possible.
- 73.3 At the appropriate management level, which is normally the Director, the situation must be reported to the Finance Director who will decide on a course of action.
- 73.4 Internal Audit will advise on and instigate such action as considered necessary for investigating the alleged irregularity. This will take into account whether the alleged financial irregularity warrants investigation by Internal Audit, whether the Police should be referred to immediately or whether Transport for the North should conduct its own investigation.
- 73.5 Where an allegation or suspicion of fraud concerns an officer of Transport for the North and is considered sufficiently serious to be investigated, then an Investigating Officer will be appointed. As appropriate and agreed Internal Audit will investigate fraud involving accounting and other records, evaluate systems and internal control and collate evidence providing an opinion on allegations made. This will be reported to the Investigating Officer who will have overall responsibility in taking the investigation forward for disciplinary purposes and reported to the Finance Director where system weaknesses and control issues are involved.

### **74 Reporting Directly to Internal Audit or the Statutory Officers of Transport for the North**

- 74.1 If an officer feels it would not be appropriate to report alleged or suspected irregularities through the normal line management structure, then the officer may report their concerns under Transport for the North's Whistleblowing Policy which is set out in the next part of this Constitution.

### **75 Monitoring**

- 75.1 The Finance Director is responsible for monitoring the effectiveness of the procedures for investigation of irregularities outlined in the guidance note and for amending the procedures as necessary. Internal Audit will review the effectiveness of the internal control environment and reports will be made to the Audit and Governance Committee where appropriate on the number, type and outcome of investigation matters as appropriate.

**Meeting:** Audit and Governance Committee  
**Subject:** Monitoring the Effectiveness of the Audit and Governance Committee  
**Author:** Joanne Barclay, Senior Solicitor  
**Sponsor:** Paul Kelly, Finance Director  
**Meeting Date:** Friday 15 December 2023

**1. Purpose of the Report:**

- 1.1 To appraise members on the implementation of the CIPFA self-assessment tool which will assist members to monitor the effectiveness of the Committee.

**2. Recommendations:**

- 2.1 For members to note the timetable for the proposed roll out of the self-assessment tools.

**3. Main Issues:**

- 3.1 At the committee meeting on 9 August 2023, the Chair aired the principle of the committee measuring its effectiveness.
- 3.2 It was reported at the last meeting on 15 September 2023, that "Active consideration of committee performance" would be included in the Audit and Governance work programme for 2023/2024.
- 3.3 It is considered best practice for an Audit and Governance committee to review its effectiveness or to seek an external review. CIPFA recommends that this review is undertaken on an annual basis and that the results of this self-assessment are made available in the annual report from the committee.
- 3.4 Officers have undertaken some research and have opted for the CIPFA self-assessment tools for monitoring the effectiveness of the Audit and Governance Committee. There are two interactive tools which will be utilised as part of the monitoring, namely: (1) Self-assessment of good practice and (2) Evaluating the impact and effectiveness of the audit committee.
- 3.5 Officers have selected the CIPFA product as the organisation is UK based and its members work throughout the public services where public money needs to be effectively and efficiently managed.
- 3.6 The purpose of monitoring the effectiveness of the committee and undertaking self-assessment is in order to develop the committee and to assist it, in providing the required assurances via the annual report. The proposed resources, namely (1) the Self-assessment of good practice and (2) Evaluating the impact and effectiveness of the audit committee will support self-assessment and encourage reflection on the impact that the committee has.
- 3.7 It is proposed to present a more detailed report to members regarding this matter at the next meeting on 8 March 2024. At the next meeting, the self-assessments tools will be presented to the Committee, officers will provide an explanation as to how to use them and respond to any questions from members.
- 3.8 Once the self-assessment tools are introduced, it is proposed that officers will receive and review the results of the committee's own self-assessment and devise an action plan for improvement and provide support for the action plan and seek progress reports.

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

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

- 4.1 Other than the modest cost of procuring the tool from CIPFA, £265 plus VAT, there are no financial implications.

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

- 4.2 There are no additional resourcing implications to Transport for the North as a result of implementing the self-assessment tool/process set-out within this report.

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

- 4.3 It is considered best practice for a committee to review its effectiveness. CIPFA recommends that this is undertaken on an annual basis and that this is reported in its Annual Report.

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

- 4.4 A corporate risk is being managed in the context of complying with governance and corporate process across Transport for the North which relates to this report.

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

- 4.5 There are no environmental or sustainability implications.

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

- 4.6 Members are asked to contact the author of the report, if they require any support in using the self-assessment tools.

##### ***Consultations***

- 4.7 Audit and Governance Committee is being consulted, through this report, on the proposed action for the next meeting.

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

- 5.1 None.

#### **6. Appendices:**

- 6.1 None.

<b>Glossary of terms, abbreviations and acronyms used</b>	
a) CIPFA	Chartered Institute of Public Finance and Accountancy