



TRANSPORT FOR THE NORTH

Equality, Diversity and Inclusion Framework

Internal audit report 5.22/23

Final

14 February 2023

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1. EXECUTIVE SUMMARY

With the use of secure portals for the transfer of information, and through electronic communication means, 100 per cent of our audit has been conducted remotely. Remote working has meant that we have been able to complete our audit and provide you with the assurances you require. Based on the information provided by you, we have been able to sample test, or undertake full population testing using data analytics tools, to complete the work in line with the agreed scope.

Why we completed this audit

All public bodies have a duty under the Equality Act 2010 and the Public Sector Equality Duty (PSED) to ensure that equality and diversity is an active part of their decision-making processes. The PSED came into force across Great Britain on 5 April 2011. Under this legislation, public bodies must consider how different people will be affected by the organisation's activities, helping them to deliver policies and services which are efficient and effective; accessible to all; and which meet different people's needs. It also requires that public bodies have due regard to the need to:

- Eliminate discrimination;
- Advance equality of opportunity; and
- Foster good relations between different people when carrying out their activities.

The Essential Guide to the Public Sector Equality Duty: England (and Non-Devolved Public Authorities in Scotland and Wales), was published, March 2022, by the Equality and Human Rights Commission.

Our review was designed to review TfN's processes and framework in place to ensure it is meeting the requirements of the PSED.

Conclusion

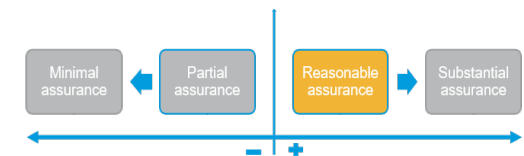
An Action Plan/Tracker is in place outlining the steps to be achieved as part of the development of the TfN's Diversity Policy, which includes the incorporation of the results actions from TfN's own self-assessment in 2021 against the Local Government Equality Framework 2020 assessment. The Diversity Action Group has led on TfN's continued compliance with PSED in particular through the live action tracker. There is an opportunity, once a further self-

assessment has been conducted against the Essential Guide to the Public Sector Equality Duty: England (and Non-Devolved Public Authorities in Scotland and Wales), to consider how compliance and the resultant action plan becomes further and more widely embedded in organisational business as usual action. We have included five actions relating to the embedding of the PSED within Policy considerations, alongside the completion of an Equality Impact Assessment. This will strengthen in the following areas: reporting and determining publicly available documentation.

Internal audit opinion:

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

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified area.



Key findings

We identified the following weaknesses / findings:



TfN has a Diversity Policy, available to all members of staff via the intranet. We noted that the Policy was last approved in April 2018 and takes into consideration the PSED and is reviewed periodically by TfN's HR Team in consultation with UNISON (TfN's recognised Trade Union). It was noted that the Essential Guide to the Public Sector Equality Duty: England (and Non-Devolved Public Authorities in Scotland and Wales), was last updated and published, March 2022, by the Equality and Human Rights Commission and the Policy has not been reviewed since the Essential Guide was issued. Whilst it is recognised that this is a guidance document, the Diversity Policy has not been updated since the release of the Guide. In addition, there is currently no framework or procedure to consider the PSED and complete an EIA for wider policies, strategies and plans across TfN.



At the time of review, we noted that TfN do not have a dedicated webpage in respect of Diversity and Inclusion, however the Diversity Policy and key information around recruitment is available on the website. The practice of a dedicated web-page has been observed for other public sector organisations.



TfN has a Diversity and Inclusion Action Plan/ racker 2021/22 (Tracker), which had been formulated taking into consideration the results of an internal assessment of the Local Government Equality Framework 2020, completed February 2021. From a review of the Tracker, it was noted that some actions have not been updated/completed, (e.g. areas showing as RAG rated as green, but no information in the 'Activities Undertaken' column).



By review of the 'Evaluation Date Collation April 2022 – September 2022' we confirmed the inclusion of HR related Key Performance Indicators (KPIs) only.

Whilst we accept that these KPIs have only recently been agreed, it was noted that they do not include the wider requirement included within the PSED, e.g. procurement and wider key performance indicators around diversity and inclusion within the workforce.



The responsibility for the monitoring of the Action Plan/Tracker has recently been transferred from the Diversity Action Group (DAG) to Senior Management Team (SMT). Our review of the Terms of Reference (ToR) for the SMT has confirmed that, whilst the responsibility to monitor the Action Plan/Tracker has been included in the ToR, the frequency of the review has not been stipulated.

Additionally, we have identified the following good practice at the time of our review:



We noted that training has been undertaken across the organisation for all members of staff in respect of Diversity and Inclusion and this forms part of the induction process for new staff. Additionally, line managers have received related recruitment training pertaining to Diversity and Inclusion.



Key Performance Indicators (KPIs) for Diversity and Inclusion have recently been agreed by the DAG, Head of Human Resources and Business Capabilities Director. It was acknowledged that these will be reviewed and further developed following a 12 month period of reporting including the development of targets. The key performance indicators relate to wellbeing and yoga sessions as well as feedback on the corporate induction and recruitment training sessions. We recognise that TfN is developing and evolving the measures being put in place including the agreement of targets. After 12 months, there is an opportunity to review the KPIs to ensure they cover the right areas. TfN may wish to consider wider KPIs as part of this review including but not limited to areas such as retention, job satisfaction, leadership, exit interviews, employee engagement, equality impact assessments and procured services.

2. DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Area: Diversity Policy and Wider Policy Management				
Control	TfN has a Diversity Policy that is available to all members of staff via the intranet. The Policy makes reference to the responsibilities under the Public Sector Equality Duty There is, however, no formal mechanism or framework in place to review and ensure all policies reflect the PSED or whether each Policy has had an Equality Impact Assessment.	Assessment:		
		Design		Partial
		Compliance		Partial
Findings / Implications	<p>Review of the Diversity Policy has confirmed the inclusion of responsibilities under the Public Sector Equality Duty. Additionally, we confirmed that the Policy is available to all members of staff via the intranet. We noted that the Policy was last approved April 2018, however it was not possible to determine the frequency of the review of this Policy. We were advised however, that all policies are reviewed on an annual basis in consultation with UNISON. If any changes are required these are then subsequently completed.</p> <p>It was noted that the Essential Guide to the Public Sector Equality Duty: England (and Non-Devolved Public Authorities in Scotland and Wales), was published, March 2022, by the Equality and Human Rights Commission; however given the timing of the last review of the Policy, there has been no recent review to take into consideration the new Essential Guide</p> <p>There is a risk that any amendments have not been captured in the currently Policy. Whilst the Head of Human Resources confirmed that the Policy has been subject to an EIA, this has not been captured within the document.</p> <p>Furthermore, it was not possible to determine whether there is a wider framework in place to ensure all TfN policies, procedures & strategies have been considered in line with the PSED or that a documented EIA is part of the review framework more generally across TfN.</p>			
Management Action 1	Management will implement a formal mechanism to record the completion of annual policy reviews ensuring that due regard is given to the latest version of the Essential Guide to the Public Sector Equality Duty: England (and Non-Devolved Public Authorities in Scotland and England) when such reviews are completed.	Responsible Owner:	Date:	Priority:
		Head of HR	Complete by end of June 2023	Low
	<p>Any future changes or amendments made to the Diversity Policy (or any other HR policies) should be reflected in the completion of a formal EIA and this should be noted as a requirement in the Diversity Policy itself.</p>			

Area: Diversity Policy and Wider Policy Management

Management Action 2	<p>A framework/and or procedure will be introduced to ensure that existing policies and new TfN policies, procedures and strategies are reviewed for consideration in line with PSED and that Equality Impact Assessments (EIA) are incorporated into Policies moving forward. The framework should consider, but not limited to:</p> <ul style="list-style-type: none"> • Why an EIA is important; • When an EIA should be completed and who should complete this; • Questions to consider within the EIA template (e.g. what policy or change is being introduced, who is affected by the policy/change, what engagement with stakeholders will take place and what data will be used); • Documentation of any actions from the EIA; and • The approval process for EIAs. 	Responsible Owner: Strategy, Policy and Communications Director	Date: Complete by end of September 2023	Priority: Medium
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Area: Website Transparency

Control	<p>The TfN's website includes a number of related documents/reports, however, this could be improved by having a dedicated diversity and inclusion section/pages on the Internet which will improve levels of transparency.</p>	Assessment:		
		Design	Partial	
		Compliance	N/A	
Findings / Implications	<p>We have observed in other public organisations a dedicated webpage in respect of diversity and inclusion publications. This includes but not limited to the following:</p> <ul style="list-style-type: none"> • Diversity and inclusion impact report (including for example, objectives, key achievements, key performance indicators); and • Equality Impact Assessments. 			
Management Action 3	<p>Management will, going forward update TfN's website to include clear information on the organisation's position in respect of diversity and inclusion, ensuring transparency at all times.</p>	Responsible Owner: Head of Stakeholder Engagement and Communications/ Head of HR	Date: Complete by end of August 2023	Priority: Low

Area: Diversity and Inclusion Action Plan/ Tracker

Control	TfN has an Action Plan 21/22 Tracker, which includes, the three main priorities defined for the implementation and progression of Equality, Diversity and Inclusion processes. The Action Plan includes areas identified from the completion of the Local Government Equality Framework 2020 – Audit Report, completed internally by TfN. The Action Plan is monitored through the Senior Management Team (SMT), previously monitored through the Diversity Action Group (DAG).	Assessment: Design ✓ Compliance ×
Findings / Implications	<p>We obtained a copy of the Action Plan 21/22 and by review and through discussions with the Head of Human Resources and the Strategy and Programme Director, we confirmed that the Action Plan is a live document. Review of the Action Plan confirmed that it had been sectioned into the following three Priorities:</p> <ul style="list-style-type: none"> • Priority 1 – Establishing a framework of equality impact assessments across TfN and building associated employee supplier awareness of diversity and inclusion. • Priority 2 – Career progression, including the continuation to support and develop our people. • Priority 3 – Health and wellbeing with resilience. <p>We confirmed that the Action Plan includes the following criteria to enable the Plan to be managed and monitored:</p> <ul style="list-style-type: none"> • Action (description) • Alignment with Core Values • By When • Action Owner • Supported by • Progress Update • Activity undertaken • DAG Rep representative • RAG Status <p>The Head of Human Resources confirmed that the Plan was originally monitored by the DAG until recently (now disbanded) and is now monitored through the SMT, as TfN embed the processes into the business.</p> <p>We noted that the internal assessment against the Local Government Equality Framework 2020, had been undertaken during 2021/22. We noted, in a number of cases where there was a red of amber rating, there had not been a recent update made to the Action Plan Tracker (Tracker). Therefore there is an opportunity to revisit the Tracker and refresh current compliance. Furthermore the Action Plan Tracker should be updated given that the DAS has now been disbanded.</p>	

Management Action 4	Management will undertake an assessment against the most recent Local Government Equality Framework available to ensure continuing compliance with the requirements of the PSED. The current Action Plan Tracker 21/22 will be revisited in light of the assessment with new responsible officers and timescales where appropriate.	Responsible Owner: Senior Management Team	Date: Complete by end of June 2023	Priority: Medium
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Area: SMT – Terms of Reference

Control	As previously stated, the Diversity and Inclusion Action Plan will be reviewed through SMT going forward.	Assessment:	
		Design	✓
		Compliance	×

Findings / Implications We confirmed that the DAG reviewed the Action Plan Tracker on a monthly basis, however this is now undertaken by SMT as part of business as usual for TFN. We obtained a copy of the latest Terms of Reference for SMT and by reviewed confirmed the inclusion of the requirement to monitor the Diversity and Inclusion Action Plan. However, this does not state the frequency of when this will be reviewed.

Management Action 5	Management will ensure that the frequency at which the Senior Management Team will review the Diversity and Inclusion Action Plan Tracker (minimum quarterly) is included in the Terms of Reference.	Responsible Owner: Senior Management Team	Date: Complete by end of June 2023	Priority: Low
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APPENDIX A: CATEGORISATION OF FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

The following table highlights the number and categories of management actions made as a result of this audit.

Area	Control design not effective*		Non Compliance with controls*		Agreed actions		
	Low	Medium	High	Low	Medium	High	
Equality, Diversity and Inclusion Framework	2	(9)	3	(9)	3	2	0
Total	3				3	2	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

APPENDIX B: SCOPE

The scope below is a copy of the original document issued.

Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following:

Objective of the audit

To review TfN's processes and framework in place to ensure it is meeting the requirements of the Public Sector Equality Duty.

The following areas will be considered as part of the review:

We will carry out a review of TfN's control framework to ensure it is meeting its obligations to people protected under the Equality Act as defined in the Public Sector Equality Duty (PSED). As part of our audit we will review the following:

- How equality impact assessments/analysis are used in the delivery of TfN statutory responsibilities;
- Related policies and procedures and consider how these are implemented in practice;
- Staff training and awareness raising;
- How any actions identified in respect of the PSED are progressed;
- How TfN monitors the diversity of its staff throughout the respective lifecycle; and
- Reporting of equality, diversity and inclusion metrics.

The following limitations apply to the scope of our work:

- We will not give an opinion on all processes and systems to ensure the TfN fulfils its responsibilities for equality, diversity, and inclusion, but only on those for the points covered in the areas of consideration.
- The results of our work are reliant on the quality and completeness of the information provided to us.
- The review will be conducted on a sample basis and will not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.
- Our work will not provide assurance that all EDI metrics are being reported or are accurate.
- We will not confirm that TfN is compliant with the PSED, only that there is a framework in place for assessing TfN's compliant with PSED.
- We will not comment on the quality of the data being reported.
- We will not comment on any decisions made by management which may have been informed by EDI requirements.
- We will not provide assurance as to whether TfN is likely to achieve any required performance targets.
- Conclusions are based on our assessments made through discussions with management and review of the information made available to us at the time of the review.
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Debrief held	23 January 2023
Draft report issued	26 January 2023
Responses received	7 and 14 February 2023
Revised draft report issued	13 February 2023
Final report issued	14 February 2023

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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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