

Meeting:	Transport for the North Board
Subject:	Governance Report
Author:	Julie Openshaw, Head of Legal
Sponsor:	Martin Tugwell, Chief Executive
Meeting Date:	Wednesday, 27 September 2023

1. Purpose of the Report:

- 1.1 To approve the appointment of two new Independent Members to Audit and Governance Committee.
- 1.2 To sight Board on the work commenced by General Purposes Committee on future development of the Constitution.

2. Recommendations:

- 2.1 That Jo Reed and Richard Thomas be appointed as Independent Members and co-opted onto Audit and Governance Committee for a period of 3 years.
- 2.2 That Board notes the work commenced by General Purposes Committee to consider future development of the Constitution, and notes that recommendations will be presented to Board in due course.

3. Main Issues:

Audit and Governance Committee membership

- 3.1 Audit and Governance Committee forms a vital and integral part of Transport for the North's governance structure and performs an important role, providing an independent, high-level focus on the audit, assurance and reporting framework underpinning financial management and governance arrangements. Its purpose is to provide independent review and assurance to Members on governance, risk management and control frameworks. It oversees financial reporting, the Annual Governance Statement process and internal and external audit, to ensure efficient and effective assurance arrangements are in place.
- 3.2 This Board has increased the number of Members of the Committee to 6 elected members and 4 Independent Members, to ensure quoracy issues are minimised. Five of the elected member positions are currently filled.
- 3.3 Two of the four Independent Member positions are currently vacant, and as outlined in the report to 22 June 2023 Board, a national recruitment process has been carried out in accordance with Transport for the North's adopted recruitment policies and procedures. A significant response was generated, and following a sifting process, interviews took place during July, conducted by the Finance Director and Head of Legal, with the Independent Chair of Audit and Governance Committee also acting as an observer for almost all of the interviews.
- 3.4 On 19 July 2023 Transport for the North's General Purposes Committee received a report on the process and agreed to recommend two candidates, Jo Reed and Richard Thomas for appointment. Their summarised CVs are at Appendix 1. Independent Members are normally appointed for a period of 3 years (which can be reviewed and extended at the end of the term) and it is recommended that the two new members be appointed for this initial period.

Update on General Purposes Committee work

- 3.5 On 19 July 2023 General Purposes Committee also received a detailed report outlining a range of issues which may require revisions to be made to the Constitution.
- 3.6 The report identified 5 key areas that need to be considered as part of the review, namely:
- The implementation of the Strategic Transport Plan
 - Business representation on Transport for the North Board
 - The implications of the Rail Reform Agenda
 - The operation of the Highways North Board
 - The need to set out arrangements for Consultation Calls.
- 3.7 A summary of the reasons for selecting these areas is as follows:
- The preparation of the STP is at the core of Transport for the North's work, and as well as work to update it, work to improve the efficiency and effectiveness of its implementation is also being done. Specifically, consideration is being given to what systemic changes might support implementation, whether strengthening relationships with existing national processes, and whether linkages with other pan-regional significant infrastructure would help support this
 - A strong business voice has been an integral component of Transport for the North from the outset, with LEP Chairs co-opted onto Board and therefore the decision to withdraw central Government funding gives rise to a need to consider what if any alternative arrangements need to be considered; the Constitution allows for former Rail North Authorities to be involved in Transport for the North, and with devolution deals being developed there is a need to consider the implications for Transport for the North's Constitution, including the use of sub-regional groupings for Rail North Committee and General Purposes Committee which may or may not remain appropriate
 - The Government's commitment to reform the rail sector must take into account the current devolution in the North in respect of rail services delivered by Northern and TPE, in addition Rail North Committee has highlighted the importance of services provided by other rail operators being included within in their considerations
 - The Highways North Board is included within the Transport for the North Constitution to reflect the importance of the strong working relationship with both the Department for Transport and National Highways in respect of the processes associated with the Road Investment Strategy. This will continue to be a key relationship moving forward in implementing the Strategic Transport Plan and therefore it is appropriate to ensure that the terms of reference for the Highways North Board continue to be fit for purpose
 - The Transport for the North Constitution was amended in the early days of the pandemic to reflect the temporary change in legislation permitting formal meetings to be held remotely. That temporary change in legislation has now lapsed meaning that formal meetings of Transport for the North once again, must be in person. Use is made of consultation calls held under the powers held by the Chief Executive where in person calls are not possible or practical, to allow delegated power to be exercised. It would timely as part of this review to examine whether there is a need to consider a refinement of the current arrangements as set out in the Constitution.

3.8 General Purposes Committee endorsed this approach and will further consider these matters at an appropriate juncture, with recommendations following to Board in due course.

4. Corporate Considerations:

Financial Implications

4.1 Payments to Independent Members are provided for within Transport for the North's budget.

Resource Implications

4.2 Independent Members are paid a flat fee of £250 for each meeting attended.

Legal Implications

4.3 Legal implications are included within the report.

Risk Management and Key Issues

4.4 Ensuring that the seats on Audit and Governance Committee are filled mitigates the risk of Transport for the North being unable to fulfil its constitutional and legal obligations and supports a wide range of debate enabling robust and carefully considered governance arrangements.

Environmental Implications

4.5 None.

Equality and Diversity

4.6 The recruitment process has been carried out in accordance with Transport for the North policies which reflect legislative provisions.

Consultations

4.7 Following the recruitment process, General Purposes Committee has agreed to recommend the two candidates.

5. Background Papers:

5.1 None.

6. Appendices:

6.1 Summarised CVs of Jo Reed and Richard Thomas.

Glossary of terms, abbreviations and acronyms used

LEP – Local Enterprise Partnership