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Transport for the North Board Agenda

Date of Meeting	**Thursday 29 September 2022**
Time of Meeting	**10.30 am**
Venue	**Manchester City Council, Town Hall Extension, Albert Square, Manchester, M60 2LA**

Filming and broadcast of the meeting

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Item No.	Agenda Item	Page
1.0	**Welcome & Apologies** The Chair to welcome Members and the public to the meeting. **Lead:** Chair	
2.0	**Declarations of Interest** Members are required to declare any personal, prejudicial or disclosable pecuniary interest they may have relating to items on the agenda and state the nature of such interest. **Lead:** Chair	
3.0	**Minutes of the Previous Meeting** To approve the minutes of the meetings held on 30 June 2022 (including updates on agreed matters as appropriate). **Lead:** Chair	5 - 14
4.0	**Integrated Rail Plan: Transport Select Committee Report (30 minutes)** To provide a steer on on the proposed direction and key components of the 2023/24 business plan. **Lead:** Jonathan Brown / Tim Foster	15 - 24
5.0	**TransPennine Upgrade (25 minutes)**	25 - 28

	To receive an update on progress with the TransPennine project and note the Board's role in supporting its delivery **Lead:** James Syson / David Hoggarth	
6.0	**Socially Inclusive Transport Strategy (20 minutes)** To approve the draft Strategy for publication and consultation. **Lead:** Tom Jarvis / Tim Foster	29 - 62
7.0	**Connected Mobility (20 minutes)** To receive an update on work to support TfN partners and to provide Board members with an opportunity to identify further opportunities. **Lead:** David Hoggarth	63 - 68
8.0	**International Connectivity Policy Statement (20 minutes)** To agree the Policy Statement. **Lead:** Lucy Jacques / Peter Cole	69 - 116
9.0	**Rail North Committee Update (15 minutes)** To receive an update on the work of the Rail North Committee. **Lead:** David Hoggarth	117 - 122
10.0	**Annual Accounts (10 minutes)** To approve the Annual Accounts. **Lead:** Paul Kelly	123 - 262
11.0	**Corporate Risk Register and Risk Management Strategy Report (5 minutes)** To receive and note the update on risk register. **Lead:** Paul Kelly	263 - 300
12.0	**Organisational Design Update and Governance (5 minutes)** To approve an Appointments Sub-Committee of the General Purposes Committee and the delegation to the Committee of the process for agreeing the Chief Executive's objectives. **Lead:** Stephen Hipwell / Julie Openshaw	301 - 306
13.0	**Date and Time of Next Meeting** The next meeting will be held on Wednesday 14 December 2022.	

Transport for the North Board Minutes

30 June 2022
Crown Hotel Harrogate

Present:
Lord McLoughlin (Chair)

Attendee	Local Authority
Cllr Phil Riley	Blackburn with Darwen;
Cllr Craig Browne	Cheshire East;
Cllr Louise Gittins	Cheshire West & Chester;
Cllr Keith Little	Cumbria;
Cllr Claire Holmes	East Riding of Yorkshire;
Cllr Andrew Western	Greater Manchester Combined Authority;
Cllr Mike Ross	Hull;
Cllr Charles Edwards	Lancashire;
Cllr Liam Robinson	Liverpool City Region;
Cllr Keane Duncan	North Yorkshire;
Cllr Jonathan Dutson	Tees Valley;
Mayor Tracy Brabin	West Yorkshire Combined Authority;

Local Enterprise Partnership (LEP) Attendees

Alyson Armett	Cumbria LEP
Justin Kelly	Greater Manchester LEP
Mark Rawstron	Lancashire LEP
Mark Roberts	Leeds LEP
Matthew Lamb	North Yorkshire LEP
Peter Kennan	Sheffield City Region LEP

Partners in Attendance:

John Hall	Deparment of Transport
David Stones	Highways England
Rob McIntosh	Network Rail
Nick Bisson	DfT

Officers in Attendance:

Name	Job Title
Martin Tugwell	Chief Executive
Gary Rich	Democratic Services Officer
Paul Kelly	Interim Finance Director
Tim Foster	Interim Strategy & Programme Director
Stephen Hipwell	Head of HR
Julie Openshaw	Head of Legal
Peter Molyneux	Major Roads Director

Item No: **Item**

1. Welcome & Apologies

1.1 The Chair welcomed Members and apologies were noted from Mayors Driscoll and Coppard, Cllrs Gannon, Miller, Aspden, D'Agorne, Swinburn, Kemp, David Williams, Lynn Williams, Tom Smith, Waltham and Hannigan, Lorna Pimlott, Lucy Winskell and Emma Ward.

1.2 The Chair welcomed the new Members of the Board including Cllr Ross, Mayor Coppard, Cllr Duncan, Cllr Dulston, Ms. Alyson Armett and Mr. Amir Hussain. The Chair also thanked Cllr Heather Scott and Cllr Daren Hale for all their hard work and dedication during their time representing their constituent authorities on the TfN Board.

1.3 Board were informed that items 5,6 and 11 would be taken together as one item.

2. Declarations of Interest

2.1 There were no Declarations of Interest.

3. Minutes of the Previous Meeting

3.1 The minutes of the meeting of the Transport for the North Board held on 30 March 2022 were considered. The minutes were proposed by Cllr Gittins and seconded by Cllr Edwards

Resolved:

That the minutes of the Transport for the North Board held on 30 March 2022 be approved as a correct record.

4. Governance Report

4.1 Members received the report from the Head of Legal who outlined the key points of the report.

4.2 During the election of the Chair, Lord McLoughlin vacated the Chair and the Chair was temporarily assumed by Cllr Gittins Lord McLoughlin stood unopposed and was proposed by Cllr Edwards and seconded by Cllr Browne.

Members unanimously agreed that Lord McLoughlin be appointed Chair of the Transport for the North Board and Partnership Board for the 2022/23 Municipal Year. Lord McLoughlin resumed the Chair.

4.3 Board agreed that Cllr Gittins and Cllr Edwards be appointed to the roles of Majority and Minority party Vice-Chairs respectively.

4.4 The Head of Legal provided an update on constituent authority appointments to the various committees which had been received following the publication of the papers. She noted that there remained a number of gaps and invited Members to inform the Board now of any additional nominations, or to update Democratic Services as soon as possible following the meeting.

She also informed Board that the number of elected Members to be appointed to the Audit and Governance Committee was recommended to be increased to six and invited nominations to the two available positions.

4.5 The Head of Legal then highlighted the key changes that are being recommended to the Transport for the North constitution.

Resolved:

1) That Lord McLoughlin be appointed Chair of TfN Partnership Board for the forthcoming year

2) That Lord McLoughlin be appointed Chair of TfN Board for the forthcoming year;
3) That Cllr Gittins be appointed as Majority Vice Chair for the forthcoming year;
4) That Cllr Edwards be appointed as Minority Vice Chair for the forthcoming year;
5) That the Board approves the membership of the Board and of Committees for the forthcoming year as set out in Appendix 1 and appoints Councillor Jonathan Owen to the vacancy on Audit and Governance Committee;
6) That the Calendar of Meetings set out in Appendix 2 be approved (noting that these may be subject to change where necessary after consultation with the relevant Committee Chairs);
7) That the Board approves the Constitutional amendments to the Partnership Board Terms of Reference and the General Purposes Committee's Terms of Reference set out in Appendix 3;
8) That Board approves an increase of the number of elected members on Audit and Governance Committee from 5 to 6, and that the new vacancy be filled;
9) That the Board notes that the General Purposes Committee will be invited to undertake a detailed review of the Constitution including the role of Independent Persons for the purposes of any disciplinary proceedings involving any of the Statutory Officers, and the role of the Vice Chairs, and will present recommendations to Board for approval in due course.

10) That the new Shadow authorities in North Yorkshire, Cumberland and Westmorland and Furness be invited to each nominate one of their Shadow Members to act an observer who will be invited to the public items at Board meetings during the municipal year.

5. Transport for the North Budget and Reserve Strategy 2022/23

5.1 Members received the reports on the Budget Reserve Strategy at Item 5 together with Item 6 the Business Planning report and Item 11 the Corporate Risk Register report. The Chief Executive and the Interim Finance Director then outlined the key aspects of each of the reports.

The Chief Executive provided background as to why the Budget and Business Plan had not been set earlier and highlighted three key areas for the Board to consider. These were the preparation of the new Strategic Transport Plan (including work on the Independent Economic Review, the regional Decarbonisation Strategy and Transport Related Social Exclusion plus Health and Wellbeing), TfN's work on strategic policy areas, and its role in supporting partners.

He then reminded Board that where appropriate the executive would look to prepare cases that build on existing capabilities for the Department to consider in the Autumn. He informed Board that provision had been made within the business plan to allow for the preparation of such cases.

5.2 The Interim Finance Director provided Board with an overview of the budget. He then went on to highlight the key points within the corporate risk register.

5.3 Mayor Brabin expressed her disappointment at the closure of the Leeds office and extended an offer for Transport for the North staff to make use of the West Yorkshire Combined Authority's offices. She highlighted the importance of retaining the analytical skills that Transport for the North has.

5.4 The Chair extended his congratulations to Bradford on being successful in securing the City of Culture designation for 2025 and stated that he wishes to look at early work which can be done on transport issues in the area.

5.5 Cllr Robinson emphasised the importance of the Communications and Engagement strategy and requested that this be circulated to Members as soon as possible. He stressed the importance of this when dealing with difficult issues with the Government.

As to reserves, he questioned whether the Executive was comfortable that the medium term financial strategy allowed for a robust financial future.

The Finance Director stated that TfN is comfortable in the medium term. He added that there will be challenges going forward in year 2-4 and these would be part of discussions with the Department in coming months.

5.6 Cllr Gittins raised the issue of in year inflationary pressures and whether these have been considered when setting the budget.

5.7 Cllr Little expressed concerns about funding for Local Authorities in the future. He explained that when the Local Transport Authorities (LTAs) have limited funding for local transport projects, LTAs will need to rely more on support from TfN when developing projects.

5.8 On the risk register, Members were keen that this should be looked at in more detail. Mr. Mark Roberts commented that it is helpful for the risk register to be linked to the Business Plan.

5.9 Mr. Mark Rawstron highlighted the importance of the Business Plan as a tool for discussing future funding settlements with Government. He stated that a plan with clear messages and a focus on the golden thread of improved economic performance will assist the conversation with Government on future funding.

Mr. Peter Kennan suggested that there should be an input from the LEPs to the business plan forward. He also requested the inclusion of actions that TfN can make with regards to buses.

5.10 In response to concerns on inflationary pressures the Interim Finance Director explained that the majority of costs going forward relate to staffing which includes spinal point increases and pay awards. In relation to the future pay awards he explained that a 3% assumption had been made and should this be different then this will be looked at in year or by using reserves.

5.11 The Chief Executive addressed some of the other issues raised by Members. He explained that through the budget and business planning process the activities for the year have already been prioritised by the Board.

He further explained that provision has been made within the resourcing of the organisation to work on propositions such as freight and logistics, appraisal frameworks and analytical capability.

On the issue of the Communication and Engagement Strategy the Chief Executive informed the Board that he was meeting with the Head of Communications and the Chair next week to map out the strategy and will update Board at the end of July.

The Chief Executive was supportive of the LEPs providing a foreword to the business plan.

Resolved:

1) That the Board approves the 2022/23 Business Plan, subject to delegating to the Chief Executive responsibility for the finalisation of the document as required;
2) That the Board approves the Budget as presented in the report;
3) That Board approves the transfer of the earmarked devolution reserve of £0.5m to general reserve. This activity would be considered alongside normal business planning;

4) That Board approves the reserve strategy as presented in the report; including the use of reserves in 2022/23 of £1.7m;
5) That Board notes the Outturn reserves as detailed in section 7.10 of the report;
6) That Board notes that the staffing numbers included within the report are projected and subject to on-going UNISON and employee consultation;
7) That the Board approve the content of the Corporate Risk Register as a reflection of the current position.

6. Transport for the North Business Plan

6.1 This item was discussed together with item 5.

7. Strategic Transport Plan Development

7.1 Members received the report from the Interim Programme and Strategy Director who highlighted the key elements of the report.

7.2 Mayor Brabin encouraged Board to retain TfN's ambitions and urged colleagues to continue to build on the previously agreed ambition in respect of transforming the North's transport system, including the full NPR proposal as agreed by Board.

She stated that the Government should continue to be pressed for a new through station serving Bradford as well as a line from Sheffield to Leeds as part of HS2, adding that the Board needs to hold the Government to account to deliver what the evidence shows is required. She requested that the Board should see the Chair's objectives for the year.

7.3 Cllr Edwards stated that the Board needs to be pressing for "Integrated Rail Plan (IRP) 2" and that work on STP2 provides the evidence for that. He suggested that TfN's capability as a regional Centre of Excellence be exploited to the maximum in making the case for further investment.

7.4 The Chair stated that promises that have been made so far in relation to the IRP must be delivered, whilst retaining the longer-term ambition for NPR in full.

Resolved:

1) That the Board agrees the proposed structure for STP2;
2) That Board endorses the principles outlined in Section 4 of the report.

8. Rail North Committee: Update

8.1 Member received the report of the Strategic Rail Director. In the absence of the Strategic Rail Director the Chief Executive presented the key points in the report. Board was advised that one of the clear messages from the RNC meeting on the 31 May is that the North needs to retain its ambition. Board was informed that the Chair had met with

the Rail Minister, and that a further meeting between the Chair, the Chair of Rail North and the Minister is planned for the near future.

8.2 Cllr Robinson (Chair of the Rail North Committee) updated Board further. He outlined Members' frustrations at the current situation on the rail network in the North, highlighting unreliability of services and service cuts as areas of frustration.

He emphasised to Board the strength of the rail recovery in the North following the pandemic: faster and stronger than the rest of the country. He reminded Board that levelling up required an expanded rail network. He also addressed the issue of reduced budgets for rail operators in the North and stated his belief that these translate to service cuts and encouraged Board to oppose these. Finally, he highlighted other ways in which savings can be made and encouraged Transport for the North to challenge the way rolling stock is acquired.

8.3 Members were supportive of Cllr Robinson and were keen to pursue work around highlighting waste, particularly in relation to the operation of the rolling stock market.

8.4 Cllr Western enquired if the letter to Network Rail regarding the congestion in the Castlefield Corridor had been sent and whether a response has been received.

The Chief Executive confirmed that the letter had been sent and has expressed the wish for quick response.

8.5 On industrial relations Cllr Edwards urged Transport for the North to encourage the Rail Operators and the Trade Unions to continue talking in order to end the rail disruption.

8.6 Peter Kennan highlighted the cuts that have already been made to rail services as a result of Covid and of constraints on the Castlefield corridor and requested that Board not lose sight of these cuts.

8.7 In response to Members' comments the Chief Executive explained that TfN engages with the Department through the Rail North Partnership which enables it to challenge the operators.

Resolved:

1) That the Board notes the feedback from the Rail North Committee held on 31 May 2022;
2) That the Board endorses the actions set out in the report including:
   (a) Adopting a collaborative approach to addressing the current challenges facing the industry in a way that draws on the local knowledge and insight of the North and supports the growth and levelling-up agendas;
   (b) Undertaking work to plan for a growing railway in the North, recognising the changes in demand patterns post-covid and building on committed investment plans.

9. Great British Railways: Update

9.1 Members received the report of the Strategic Rail Director. The Chief Executive presented the report to Board and highlighted the key points.

9.2 The Chair stated that the Bill establishing GBR has yet to be published but would expect that to happen later this year and to be introduced in the House of Commons first.

9.3 Cllr Little requested that partners and the officer group be kept informed on progress.

9.4 Whilst supportive of those areas that have double devolution Cllr Gittins raised concerns that other areas have no devolution which will result in extensive holes in the system.

9.5 The Chief Executive explained that the Great British Rail Transition Team will be attending the next TfN Board meeting in September and if this issue has not already been addressed, then there will be the opportunity in September.

Resolved:

1) That the report be noted;
2) That Board agrees to delegate to the Chief Executive in consultation with the Rail Reform Working Group the preparation of a response to the consultation on legislation to implement rail reform.

10. HS2: Update

10.1 Members received the report from the Interim Strategy and Programme Director.

10.2 The Chair updated Board on the current position and informed Board that the Chief Executive had received a copy of a letter which Lancashire County Council had sent to the Rail Minister regarding the Golborne Link.

10.3 Members expressed their dissatisfaction on the cancellation of the Golborne Link and raised specific questions about the Crewe Hub as well as the plans for Manchester Piccadilly.

10.4 On the removal of the Golborne link, Cllr Robinson raised concerns that if an appropriate alternative is not identified then this will lead to a bottleneck north of Crewe and hinder both current passenger services and the growth of freight on the West Coast Mainline. Cllr Robinson enquired about the timelines for identifying an alternative proposal and whether that might offer the opportunity to increase capacity.

On this issue Cllr Riley expressed concern that the Government's decision reinforces the view that Lancashire will fall off the HS2 rail map.

Cllr Edwards opined that written reassurance are needed from Government that HS2 services will serve Wigan, Preston, Lancaster, Cumbria and on to Scotland, as originally planned. He welcomed the review but requested that it take place at pace.

10.5 Mayor Brabin enquired about the terms of reference for the Sheffield to Leeds line which have been promised for the last eight months.

She suggested that the letter to the Secretary of State be made public.

10.6 Cllr Browne stated that the Hybrid Bill needs to deliver the necessary infrastructure to enable enhanced service specifications. He highlighted the fact that due to how HS2 is being built that Crewe will be the only Northern stopping point for the North for a decade. He expressed concern about the lack of commitment from Government to build a multi modal hub station capable of dealing with the capacity of customers that will occur on five to seven trains an hour, however if it is as few as only one to two HS2 trains an hour this will not provide businesses with confidence.

10.7 Cllr Western raised concerns about Manchester Piccadilly station. He was particularly concerned about the nature of the analysis undertaken by HS2 which did not consider the benefits of a fully optimised underground solution. He requested that TfN engage with Transport for Greater Manchester and partners in order undertake an analysis of the HS2 recommendations and then come back to board to discuss a way forward.

10.8 The Chair highlighted paragraph 3.8 of the report and emphasised the relevance of this paragraph to Board with projects the scale of HS2.

10.9 Mr. Nick Bisson addressed concerns raised by Members. On the issue of the Golborne Link, he explained that whilst the Government has yet to respond to the Union Connectivity Review it has decided to remove it from the current HS2 legislation going through the House. He explained that when phase 2a opens he anticipates that services will reach Preston, Lancaster, Carlisle and Glasgow. He further stated that the opening of the Western Leg will lead to a journey time benefit for Manchester; Golborne would have provided a further journey time benefit going North. He emphasised that there will be HS2 services extending north of Crewe. When considering the alternatives to the Golborne Link the Department needs to balance benefits and affordability.

On the concerns relating to the level of service calling at he stated that the plan is five trains southbound and up to seven northbound.

Mr. Bisson stated that Terms of Reference relating to the Leeds study, there will be published soon.

Addressing the issue of Piccadilly, he explained that HS2 has published the technical advice to Government and he believed that this reflects the advice given by Richard George to the Board previously.

10.10 Cllr Browne expressed concern that whilst other areas of the country are getting a hub station it appears that Crewe would see only two extended platforms which he believes will not give the capacity to deliver five to seven trains an hour.

10.11 Cllr Gittins requested that discussions on other routes be done in consultation with Board Members.

Resolved:

1) That the Chairman write to the Secretary of State restating the Board's support for HS2 to the North and the Board's continued desire to work with the Government to deliver it at the earliest possible opportunity;

2) That the letter to the Secretary of State should also recommend that:

   • The terms of reference for the HS2 Sheffield to Leeds study be published as soon as possible.
   • The Government uses its response to the Union Connectivity Review as the opportunity to commission work on the alternatives to the Golborne Link will be developed and that this work should be taken forward in collaboration with TfN.
   • Clarity is required as to how HS2 and NPR services will serve Crewe.
   • Where savings are realised as a result of changes to the design of HS2 and/or NPR these should be retained within the overall funding envelope defined in the Integrated Rail Plan.
   • Further clarity is required on the decisions made in respect of Manchester Piccadilly.

3) That TfN and TfGM work together on analysis of Piccadilly Station options.

11. Corporate Risk Register

11.1 This item was discussed as part of the conversation with item 5.

12. Date of Next Meeting

12.1 The Chair placed on record his thanks to Peter Molyneux (Major Roads Director) who was attending his last meeting before leaving Transport for the North.

12.2 Thursday 29 September
11am
Manchester Venue

TRANSPORT FOR THE NORTH

Meeting:	Transport for the North Board
Subject:	Integrated Rail Plan: Transport Select Committee Report
Author:	Jonathan Brown, Strategic Rail Lead
Sponsor:	Tim Foster, Interim Strategy and Programme Director
Meeting Date:	Thursday 29 Septmber 2022

1. Purpose of the Report:

1.1 The Government published its Integrated Rail Plan on 18 November 2021 setting out a programme to invest in rail connectivity in the North and Midlands.

1.2 The House of Commons Transport Select Committee announced an Inquiry into the IRP in December 2021. TfN gave evidence to the Committee, whichpublished its findings in July 2022.

2. Recommendations:

2.1 The Board is invited to:

a) Welcome the Transport Select Committee's report
b) Set out to the Secretary of State its desire to work her in responding to the Committee's recommendations
c) Seek an early discussion with the new Government following commitments made during the summer to delivery NPR in full

3. Main Issues Arising from the Select Committee

3.1 The IRP sets out a programme of rail investment in the North and Midlands. It sets out the HS2 network as running between the Midlands to Manchester and to the West Coast Main Line, and between the Midlands and East Midlands Parkway. The IRP proposes a Northern Powerhouse Rail network between Liverpool and York with new infrastructure between east of Warrington and Marsden. These proposals fall short of the TfN Board's preferred HS2 and NPR networks as set out in TfN's statutory advice to government.

3.2 As part of its role to scrutinise Government policy, the Transport Select Committee has carried out an Inquiry into the IRP which reported in July 2022. Convention would suggest that the Government should respond to the Committee's report this autumn. The Committee's findings were informed by a call for evidence and by a series of evidence hearings. The TfN Chair and Chief Executive appeared before the Committee in February 2022 and a number of Board Members took part in other sessions. TfN's written submission to the Committee re-stated the Board's preferred network, the evidence base that supports this and also the lack of any wider economic assessment in developing the IRP plans.

3.3 The Committee in its report welcomes the scale of the IRP investment although it calls for a thorough re-assessment of the IRP, taking into account wider economic impacts thereby allowing a proper comparison of costs and benefits to be made. If this comparison finds that alternative NPR options, such as the Board's preferred network perform better, the Committee calls for the IRP to be revisited. The Committee is also concerned about the focus on upgrades and the level of disruption this would cause. The report casts doubt on the focus on journey times, rather than capacity, and whether these reductions are achievable on upgraded routes.Concerns are also expressed on choices on NPR sections,

stations and on the curtailment of the eastern leg of HS2. As a result, there is considerable synergy between the Committee's conclusions and the written evidence submission made by TfN to the Committee.

Golborne Link

3.5 Golborne Link, which connects HS2 to the West Coast Main Line, was included in the IRP subject to the findings of the Union Connectivty Review. A Government announcement in June 2022 said that Golborne Link would not now be progressed and a study of alternatives would commence, although without setting out how this would be taken forward. The Select Committee recognises that Golborne Link was not perfect but expresses concern that it was cancelled without an alternative being proposed. It calls on the Government to set out alternative plans which add similar capacity as a minimum by March 2023.

HS2 Eastern Leg

3.6 The IRP curtailed the Eastern Leg at East Midlands Parkway, with HS2 trains reaching Sheffield from there using upgraded existing routes. How Leeds is served by HS2 trains is to be the subject of further study. The Committee notes that the failure to calculate an updated benefit-cost ratio (BCR) raises questions over whether the case for changes to the HS2 Eastern leg have been properly assessed. It calls on the Government to publish by March 2023 an updated BCR for (a) the entire HS2 project and (b) the previous full proposals for the Eastern leg of HS2 Phase 2b. The methodology used must fully reflect impacts on regional inequalities. It also calls for a timetable for the HS2 to Leeds work, including a firm date for the final report, be published by September 2022.

Bradford

3.7 The TfN Board's preferred NPR network included a new line between Manchester and Leeds via a new through station in Bradford. The IRP only commits to electrification of the existing route between Bradford Interchange and Leeds. The Committee notes the economic potential of Bradford, which has a significant labour pool, and how this potential is held back by poor connectivity, acknowledging that rail journey times today are slower than a century ago. The Committee calls on the Government to ensure that the impact of NPR decisions on Bradford in particular is robustly assessed, including producing BCR analyses for all NPR options. It also calls for the Government to revisit the case for a new through station at St James Market in Bradford which would be future proofed for future rail proposals.

Leeds

3.8 Plans have been developed by Leeds City Council working with Partners to redevelop Leeds Station as part of wider development plans for the southern part of the city centre. Under HS2, new terminal platforms would have been provided at 90 degrees to the rest of the station. With no eastern leg of HS2, these proposals are not currently suported in the IRP, leading to uncertainty over land allocations and future development plans. The Committee's report acknowledges the extent to which the current Leeds Station is the third largest source of delays on the national network (after Clapham Junction and Birmingham New Street). The Committee asks the Government to commit to supporting redevelopment of Leeds station by 2035 so that it has sufficient capacity to accommodate services planned under the IRP including HS2 trains arriving in Leeds.

Manchester Piccadilly

3.4.5 The IRP plans are for a HS2 surface station on the north side of the existing Piccadilly Station, with a turnback for NPR trains heading east. There are different views on the optimum solution for Piccadilly, with local Partners

favouring an underground station that would allow NPR trains to contine east without reversal. The impact of a surface or underground station on wider development plans for the area is also an issue. The Committee notes the issues and complexity of finding the right solution at Piccadilly but significantly ecognises the benefits of a through station. It goes on to suggest that if an underground station is preferred, there is scope for local funding contributions and this should form part of a renewed, transparent conversation about the risks and benefits of the underground station option between the Government and Manchester stakeholders.

4. Implications for TfN

4.1 The Transport Select Committee's report picks up many of the points made in the TfN evidence submission and at the hearing held by the Committee. In particular, the recognition of the need for a wider economic assessment of the IRP proposals is welcome, as is the consdieration of the impacts of decisions made on HS2, where curtailment of the eastern leg could be counter to the need to grow the North's economy. Both are points that TfN has highlighted following publication of the IRP.

4.2 Both the IRP and the bulk of the Select Committee's Inquiry predate the change of Prime Minister. That change may impact on both the timing and the content of the Government's respone to the Select Committee's report.

4.3 TfN Members will have noted the commitment made by the new Prime Minister during her leadership campaign to deliver NPR in full. Such a commitment is to be welcomed and TfN is well placed to work with the new administration to use its technical work and knowledge to support such a commitment being realised. However it is essential that rapid progress is made in delivering those elements of the IRP to which the previous administration committed funding. TfN remains committed to working with the Department (as co-sponsor) as it looks to deliver on that previous commitment, whilst at the same time working with the new administration on the longer-term NPR ambition.

4.4 The Chairman has written to the new Prime Minister on behalf of the Board, welcoming her strong commitment to seeing Northern Powerhouse Rail (NPR) constructed in full, restating the Board's agreed vision for the network and seeking early confirmation that the government will reverse decisions taken in the Integrated Rail Plan (IRP), including on the Eastern Leg of HS2. Similarly full delivery of HS2 including connectivity to Leeds and the ability to connect Lancashire, Cumbria and Scotland to HS2 is important. NPR and HS2 complement each other to provide the North's strategic connectivity, supported by local and regional networks to fully connect the North.The Chairman has also written to the Secretary of State on the development of HS2 as directed by this Board in June. Copies of both letters are annexed to this paper.

4.5 TfN's evidence base, including the Future Travel Scenarios, has shown the critical importance of improving the rail offer and planning for significant additional capacity in the rail network if the North is to realise its economic potential and achieve the modal shift required to decarbonise our transport system.

5. Corporate Considerations

Financial Implications

5.1 There are no financial implications arising from this report.

Resource Implications

5.2 There are no resource implications arising from this report.

Legal Implications

5.3 There are no legal implications arising from this report.

Risk Management and Key Issues

5.4 There are no risk implications arising from this report. TfN's Corporate Risk Register contains risks in relation to Co-sponsorship.

Environmental Implications

5.5 There are no environmental implications arising from this report. This report does not constitute or influence a plan or programme which sets the framework for future development consents of projects listed in the EIA Directive and therefore does not stimulate the need for SEA or EIA. All proposed infrastructure developments will be subject to screening for the need for EIA by the relevant development authority as part of the design development and consenting process.

5.6 Expansion of the rail network (both passenger and freight) is an essential part of delivering TfN's Decarbonisation Strategy.

Equality and Diversity

5.7 There are no equality and diversity implications arising from this report.

Consultations

5.8 No consultations have been carried out.

6. Background Papers

6.1 There are no background papers.

7. Appendices

7.1 Appendix 1 – Letter to the Prime Minister

Appendix 2 – Letter to the Secretary of State

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

a)	*HS2*	*High Speed 2*
b)	*IRP*	*Integrated Rail Plan*
c)	*NPR*	*Northern Powerhouse Rail*
d)	WCML	*West Coast Main Line*

Date: 7 September2022

The Right Honourable Elizabeth Truss MP, Prime Minister of the UK
10 Downing Street
London
SW1A 2AB

Lord McLoughlin CH
4 Piccadilly Place
2nd Floor
Manchester
M1 3BN

Tel: 0161 250 2711

Dear Prime Minister,

Transport for the North

Many congratulations on your appointment as Prime Minister. I am writing in my capacity as Chairman of Transport for the North. The political and business leaders on the Transport for the North Board want to work with you and your Secretary of State positively and proactively throughout your premiership to bring about the changes we need to see in the North's transport network.

We welcomed your strong commitment to seeing Northern Powerhouse Rail (NPR) constructed in full, as you set out in Leeds. We have developed clear and agreed plans for the network, costed at £43bn (of which £17bn was committed in the Integrated Rail Plan), including our preferences for a mix of new lines and major upgrades as a network spanning from Liverpool in the west to Hull in the east, and from Newcastle in the north to Sheffield in the south.

Early confirmation will send a clear signal to the North about the government's intentions to reverse decisions taken in the Integrated Rail Plan (IRP), including on the Eastern Leg of HS2. The Transport Select Committee concluded that the proposals published in the IRP fail to achieve the long-term step change for the rail network across the North.

An early announcement will give confidence to places, businesses and investors, about future investment and regeneration potential for places across the North, such as Bradford, Crewe, Darlington, Lancashire and Warrington. We know from the experience of Birmingham how the prospect of HS2 and NPR in future can be a catalyst for growth. We believe there are significant steps that would see progress accelerated in the next 18 months to three years and enable early benefits to be realised before the end of the decade (making progress towards levelling up).

The priority this autumn must be to keep the North moving through the coming months, provide confidence to passengers about reliability of services, ensure people can get to work, and to support our operators to deliver. In our view, the following actions are essential and could be delivered immediately alongside wider measures to protect households and businesses this winter:

- The Government should ensure regulated rail fares will remain at current levels and not rise in line with current levels of inflation. It could also extend the centrally-funded £2 cap on bus fares for a further 6 months (in line with

measures implemented in Greater Manchester, Liverpool City Region and West Yorkshire).

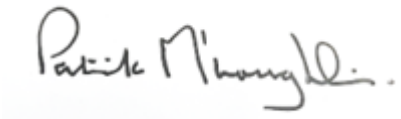
- Providing additional financial support for train operating companies (TOCs) to enable full restoration of services withdrawn during the pandemic, and further extending recovery funding to support both bus and light rail services in local communities up to September 2023) to provide a planned and predictable transition to the new normal.
- Given the current impacts of critical driver shortages on bus and train services, there is an urgent need to recruit and train drivers to strengthen the resilience of public transport operations. We advocate developing a series of driver training academies across the North as a matter of urgency.

We recognise that significant investment has been made in maintaining services during the pandemic and during the subsequent recovery. Millions of people across the North rely entirely on public transport and are at real risk of further disadvantage. In recent months, the North has led the recovery of rail patronage and accepted tough compromises to service patterns to keep our transport networks operational. Without further support, a further decline in confidence and sense of managed decline feels inevitable. The operational difficulties on the West Coast Mainline are of significant concern and we hope to see them resolved as a matter of urgency. Our Rail North Committee will be meeting with Avanti next week.

Increased funding in the short term would represent an investment in our people, places and businesses, providing the foundation for a strong economic recovery in the North. There is significant potential for progress in the remainder of this parliament to unlock opportunity across the North, maximise productivity and decarbonise our transport system. These include affordable measures for rail, road, digital mobility and freight (including the development of Freeports). Our initial proposals are set out in the annex to this letter and we will work with DfT ministers on positive, clearly defined measures in the forthcoming Spending Review.

I hope this letter is helpful and I would very much welcome the opportunity to work on these suggestions with the Secretary of State for Transport as co-sponsors of NPR to bring forward those opportunities and agree priorities for early delivery.

Yours sincerely,



Lord McLoughlin CH
Chairman, Transport for the North

Date: 1 September 2022

The Rt. Hon. Grant Shapps MP
Secretary of State
Great Minster House
33 Horseferry Road
London
SW1P 4DR

Sent by e-mail to:
DfT.Ministers@dft.gov.uk

Lord McLoughlin CH
4 Piccadilly Place
2nd Floor
Manchester
M1 3BN

Tel: 0161 250 2711

Dear Secretary of State,

Re: HS2 – Delivering its Ambition

Our Strategic Transport Plan sets out how delivery of HS2, together with NPR, is crucial to achieve the step change in connectivity required to support our economic growth, whilst ensuring the North contributes towards achieving the UK's requirements on net zero carbon.

It is on this basis that we continue to support wholeheartedly the full delivery of HS2 and are working closely with your team to deliver the ambition underpinning HS2 at the earliest opportunity.

The publication of the Hybrid Bill for Phase 2B, followed by the announcement that the Golborne Link, as proposed, has been dropped prompted a discussion at the TfN Board on 30th June. Key points raised by the Board were:

a) **Golborne Link** – Sir Peter Hendy's Union Connectivity Report emphasised the importance of HS2 trains running through the North West and on to Scotland. Ensuring that HS2 trains are able to serve Wigan, Preston, Lancaster, Penrith and Oxenholme, Carlisle and on to Scotland remains a strategic priority for TfN and is essential in ensuring that the full range of benefits arising from the investment in HS2 is realised.

   The Government's response to the UCR is an opportunity to set out what happens next. However it is important that work on an alternative solution to the Golborne Link, including upgrading of the West Coast Main Line, is taken forward at pace. In that spirit, we would like to explore how we might extend the use of our analytical capability to support your officials in the development of options for your consideration. Such an approach will help ensure that TfN (and partners) are fully engaged in the process.

b) **Crewe Super Hub** – discussions with your officials have helpfully clarified that it remains the Department's intention that up to seven HS2 services an hour will serve Crewe, utilising the Crewe North Connection, which is a funded asset contained in the Hybrid Bill: however, the Board has noted that this contrasts with the 2 services per hour in the HS2 plans published to date.

   We know that you are keen to ensure that the investment in HS2 acts as a catalyst for significant economic growth in/around Crewe (similar to that

being seen in Birmingham). Re-affirmation of the Government's commitment to invest in realising the ambition for Crewe as a super-hub (both in terms of track and supporting infrastructure) will strengthen the attractiveness of Crewe to private investors, thereby strengthening the overall case for the investment in HS2. Crewe's role as a super-hub offers the opportunity to extend the benefits of HS2 westwards to Chester and beyond in support of the North Wales economy.

c) **Manchester Piccadilly** – whilst we welcome publication of the HS2-led study into the options for Piccadilly Station, we remain concerned that an appropriately optimised comparison of the options has yet to be completed. We have noted that the Transport Select Committee in its report has set out the need for further dialogue, linking this to the potential opportunity for local contributions. You will recall the TfN Board in its initial response to the IRP expressed a desire to explore with you the potential for local contributions to support enhanced outcomes.

   We believe that identifying the best long-term solution for Piccadilly Station, to ensure the maximum benefit for the entire high speed network, and the maximum value from the investment being made over the life of the investment, is an opportunity that urgently requires further detailed consideration, including a full assessment of benefits, and TfN will work with all parties to agree a way forward.

d) **HS2 Leeds Study** – the TfN Board has welcomed the various statements by your Ministerial team about the desire to find a solution that will enable HS2 trains to reach Leeds. We understand that the Department is keen to publish the terms of reference for the study as soon as possible: TfN is ready to help in whatever way it can to help you in this regard. We continue to support the group, chaired by Network Rail and which involves all relevant partners, that provides an appropriate forum to develop solutions and work through the challenges that lie ahead.

   The need for pace with this study is heightened by the wider planning implications associated with the safeguarded land. We know that Leeds City Council has highlighted these matters in its own correspondence. A common theme here is the importance of identifying a long-term solution to addressing the constraints of the current layout of Leeds Station: the third highest source of delays across the entire UK rail network. Given the amount of strategic planning work that has been undertaken to date we believe it should be possible to complete the study at pace and to arrive at a preferred way forward.

As we have seen with Phase 1 of HS2, the detail of a major infrastructure project can evolve through its development phases: the key is to have agreement on the desired outcomes and to use the available analytical capability to inform the development of viable solutions.

The TfN Board has previously set out its wider concerns with the outcome of the IRP, which interfaces with the HS2 proposals. The IRP proposals do not provide the step change in connectivity to Bradford, nor the step change in capacity that

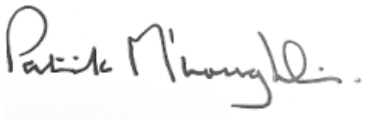
is required to deliver on the need to grow the railway to realise the North's economic potential and achieve the modal shift required to meet legal commitments on decarbonisation.

Over-reliance on upgrades, as opposed to new infrastructure, will provide less benefits and fewer connectivity improvements. Their delivery will give rise to significant levels of disruption over many years adversely affecting economic recovery.

The newly established Sponsor Arrangement provides a strong foundation on which we can build as we look to achieve the step change in connectivity that investment in the North's rail system will deliver. TfN is keen to explore with you how we might extend the current programme of activity to move forward at pace on the issues set out above.

I hope this letter is helpful and would welcome the opportunity to discuss its contents.

Yours sincerely,



Lord McLoughlin CH
Chair, Transport for the North

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Meeting:	Transport for the North Board
Subject:	Transpennine Route Upgrade
Author:	James Syson, Investment Sponsor Manager
Sponsor:	David Hoggarth, Director Strategic Rail
Meeting Date:	Thursday 29 September 2022

1. Purpose of the Report:

1.1 To provide background for a presentation by Network Rail on the Transpennine Route Upgrade (TRU) funding, scope, outcomes, challenges, and mitigations.

2. Recommendations:

2.1 It is recommended that TfN Board:

a) Notes the Department for Transport (DfT) funding announcement trebling investment in TRU.

b) Notes the National Audit Office (NAO) TRU report which has identified a clear case for investment but recognises significant risks to the programme's progress that could cause further disruption if the DfT Network Rail and the Government fail to work together to manage challenges and deliver the expected benefits for rail users.

c) Welcomes the establishment of the TRU Stakeholder Forum which is Chaired by TfN, but stresses the importance of TfN being a member of the TRU Programme Board.

3. Main Issues:

3.1 The Transpennine route is a 76-mile-long rail link, which connects Manchester and York, via Huddersfield and Leeds. Owing to the full extent of train services operating along the corridor, investment decisions also directly influence future journey times, train type and capacity, and performance of services to the major regional centres of Liverpool, Scarborough, Hull, Middlesbrough, Darlington, Durham and Newcastle and the international gateway of Manchester Airport.

3.2 DfT and Network Rail have been considering upgrades to the Transpennine route for over a decade and TfN has issued formal (statutory) and informal advice in support of this vital east-west rail investment in the North.

3.3 In November 2021, DfT published its Integrated Rail Plan (IRP). It was noted in the IRP that TRU will be delivered as phase one of Northern Powerhouse Rail (NPR) with completion of a much-enhanced scope of works by mid-2030s.

3.4 In July 2022, DfT announced it was to treble the overall investment in TRU from £2.9bn to £9bn. The DfT also announced the release of £959m of funding from this £9bn programme for the next phase of works - the completion of electrification between Stalybridge and Manchester which would support operation of electric trains between these two locations by 2025. (https://www.gov.uk/government/news/transport-secretary-more-than-trebles-investment-for-rail-in-the-north-to-over-9-billion)

3.5 The TRU Programme includes full electrification of the route (Manchester – York), additional track in some sections, new digital signalling, station upgrades and gauge clearance and additional capacity to enhance freight flows, including

container traffic which is a growth market. To further meet our freight aspirations TfN is now supporting DfT's work to identify the necessary additional investment off the TRU core route (west of Stalybridge and east of Thornhill LNW Junction) to enable a 24 hour 6 day a week freight operation and to accommodate the forecast extra tonnage. The increased capacity for passenger and freight services (extra 2 passenger trains every hour and additional hourly freight slots) will be supported by a reduction in journey times and an improvement in reliability as well as an estimated reduction in carbon emissions by up to 87,000 tonnes per year. TfN has played a vital role in influencing this enhanced scope issuing statutory advice, acting as a critical friend and providing evidence and insight to support decision making.

3.6 Ahead of the next business case update by DfT in December 2022 and as the programme moves into a period of construction that extends into the 2030s, the National Audit Office (NAO) in July this year issued its assessment on whether the DfT and Network Rail are in a position to successfully deliver TRU (https://www.nao.org.uk/wp-content/uploads/2022/07/The-Transpennine-Route-Upgrade-Programme.pdf). Despite noting the difficult start which has added delay and will mean passengers suffering overcrowding on a route that is at full capacity for longer, the NAO concluded that the TRU Programme is now in a good position to proceed with greater certainty.

3.7 The NAO did however note that there is still work to be done by DfT and Network Rail to manage key areas of risk and challenge (*stakeholder engagement, financial and skills challenges, connections with other rail projects*), as well as planning to achieve the intended benefits, if they are to ensure the TRU Programme is in a good position to secure long-term value for taxpayers' money.

3.8 The NAO report notes that DfT and Network Rail are putting in place governance structures that should enable them to manage the TRU Programme more effectively. An example is the recent establishment of a TRU Stakeholder Forum which is Chaired by TfN. This is an officer-led forum acting as an advisory panel that creates the platform for a proactive dialogue between key stakeholders and the proposed TRU governance structure (covering TfN and Rail North Partnership, local authorities, train operators, freight industry, DfT, Network Rail as well as expert insight from Transport Focus).

3.9 TfN is not currently a member of the TRU Programme Board, although it has previously been a member. The NAO report highlights that there will be key decisions required of the Programme Board as delivery of TRU is taken forward. It also highlights the critical importance of local input into those decisions. In this context whilst the Stakeholder Forum adds value, there is a strong case to be made for TfN being formally part of the TRU Programme Board.

3.10 Whilst the TRU programme falls within the remit of TfN's role as co-sponsor of NPR, TfN's membership of the TRU Programme Board would strengthen the linkage between the project and the local community. This would be consistent with the outcome of the NAO report.

3.11 The TRU Stakeholder Forum will have an ambassadorial role helping to maintain the profile of the TRU project by bringing together these key stakeholders to help manage relationships at a regional level to support wider economic, social and environmental objectives of a scheme benefitting both passenger and freight services.

3.12 Working closely with the TRU Strategic Communications Group and the industry's Strategic Access Task Force the TRU Stakeholder Forum will help with the push of information out to the wider stakeholder community to inform, update and advise and will pull information from the stakeholder community to identify programme

risks and opportunities and feedback local intelligence. Through structured engagement the forum will help in the identification of concerns and opportunities regarding the implementation of TRU scope.

3.13 The TRU Programme of work over the next 10+ years will ultimately transform the North Transpennine rail corridor into a high-performing, reliable railway, bringing more frequent, more reliable, faster, greener trains. Whilst some elements of the TRU Programme are still in design phase, a major programme of work is already being delivered, to bring better journeys for passengers across the Pennines and beyond. The magnitude of this work will require disruptive possessions of the track, but plans are being put in place to ensure passengers and freight is kept moving while work takes place on the core TRU route. Subject to confirmation, significant blockades over the next few years are likely to include:

- Dewsbury (February 2023) - track and Morley station works
- Stalybridge (March 2023) – electrification works
- Huddersfield (January 2024 to December 2025) – multiple blockades and weekend works at Huddersfield Station
- Mirfield (Summer 2025) – Heaton Lodge Junction (Mirfield) to Dewsbury
- East of Leeds (Summer 2026) – Neville Hill works

3.14 Network Rail will provide Members with an update at the meeting on the TRU scope, funding and challenges and the work that is taking place across the industry to manage disruption to passengers, communities and businesses.

4. Corporate Considerations

4.1 *Financial Implications*

No direct financial implications associated with this report.

4.2 *Resource Implications*

There are no direct resourcing implications associated with this report.

4.3 *Legal Implications*

There are no apparent legal implications as a result this report.

4.4 *Risk Management and Key Issues*

This paper does not require a risk assessment. TfN's Corporate Risk Register includes a risk associated with TRU. There is a risk that individual programmes are not aligned and expected benefits are not realised.

4.5 *Environmental Implications*

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

Passenger rail and rail freight has an essential part to play in achieving our decarbonisation objectives within TfN's Decarbonisation Strategy, particularly around reducing private car vehicle and road freight mileage.

4.6 *Equality and Diversity*

There are no equality and diversity implications with this report.

4.7 *Consultations*

A consultation is not required.

5. Background Papers

5.1 None.

6. Appendices

6.1 None.

Glossary of terms, abbreviations and acronyms used *(if applicable)*	
a) TRU	*TransPennine Route Upgrade*
b) NPR	*Northern Powerhouse Rail*
c) DfT	*Department for Transport*
d) IRP	*Integrated Rail Plan*
e) NAO	*National Audit Office*

Meeting:	Transport for the North Board
Subject:	Socially Inclusive Transport Strategy
Author:	Tom Jarvis, Senior Evidence & Analysis Officer
Sponsor:	Tim Foster, Interim Strategy & Programme Director
Meeting Date:	Thursday 29th September 2022

1. Purpose of the Report:

1.1 To consider and approve the draft *Socially Inclusive Transport Strategy* for consultation.

2. Recommendations:

2.1 That TfN Board approves the Socially Inclusive Transport Strategy (Appendix 1) for public consultation.

3. Main Issues:

3.1 The *Socially Inclusive Transport Strategy* is a key component in ensuring that TfN's work contributes to achieving a socially inclusive transport system. This reflects, and builds on, the research on Transport-Related Social Exclusion (TRSE) in the North of England that TfN has conducted over the last 18 months.

Context

3.2 TfN's research indicates that 3.3 million people in the North – 21.3% of the population - live in areas where there is a significant risk of TRSE. These are areas in which there is the combination of poor access to key destinations by public transport and active travel, and high vulnerability to social exclusion based on local economic conditions, the demographics of the population, and multiple deprivation. These areas are widely distributed across the North, but are particularly concentrated in manufacturing and mining legacy areas, coastal communities, rural-urban fringes, and in industrial and multi-ethnic communities.

3.3 TfN's research shows that TRSE is caused by the combination of fragmentation, unreliability, and high costs in the public transport system; poor conditions for walking, cycling, and wheeling in car-dominated environments; and the high levels of car dependency that result from this. This leads to poor access to key destinations for those primarily dependent on public transport and active travel, alongside forced car ownership, in which households feel compelled to have access to a car, despite the costs of car access causing them significant hardship. A summary of key findings from TfN's research is given in Appendix 2.

3.4 Given the strength of the evidence on TRSE, and the implications for enabling access to economic and social opportunities for people and communities across the North, TfN has developed a Socially Inclusive Transport Strategy to sit alongside the Decarbonisation Strategy and NPIER in informing our high-level strategic objectives in the second Strategic Transport Plan currently being developed. The draft Strategy is built around the following key features.

Strategy Purpose and Structure

3.5 The draft *Socially Inclusive Transport Strategy* sets out a baseline of the extent of TRSE in the North (pgs. 5-7 of Appendix 1), and the challenges relevant to this issue in the Northern context (pgs. 8-9 of Appendix 1). It then defines TfN's role

in achieving a socially inclusive transport system, drawing on TfN's Strategic Transport Plan, other TfN positions and Strategies, and the wider transport inclusion agenda (pgs. 9-15 of Appendix 1).

Baseline & Monitoring

3.6 TfN's data tool provides a rigorous means of estimating how the risk of TRSE varies across areas and communities in England. TfN will use this tool to measure progress towards an inclusive transport system, and the impact of the set of actions provided in the draft Strategy. TfN will monitor the following metrics:

(1) The size and proportion of the population of the North living in areas with a high risk of TRSE.

(2) The inequality in the proportion of the population living in areas with a high risk of TRSE between the three regions of the North.

(3) The inequality in the proportion of the population living in areas with a high risk of TRSE between the North and the rest of England.

3.7 In developing the next Strategic Transport Plan, TfN will make recommendations to the Board in December as to how these metrics should be incorporated into the vision and objectives for the next STP.

Actions for TfN

3.8 The proposed set of actions for TfN are set out on pgs. 15-17 of Appendix 1. These focus on the further development of the evidence base, the integration of TRSE metrics into TfN's Analytical Framework, the development of minimum public transport service standards that are consistent with social inclusion, the development of a social inclusion checklist to support business case development, the improvement of access to decision-making for population groups affected by TRSE, and the development of tools to better identify severance on the Major Road network and rail network.

Broader Policy Themes

3.9 While there is a significant role for TfN to play in enabling an inclusive transport system, the draft Strategy acknowledges that the majority of the policy changes and investment required to achieve this will need to be delivered in a place by its partner(s). Reflecting this, the draft Strategy sets out the ways in which other organisations – including Local Authorities, DfT, National Highways, Active Travel England, and Network Rail - can act to achieve a more socially inclusive system (pgs. 17-21 of Appendix 1). The draft Strategy highlights both the nature of these actions, and the organisations most relevant to each, spanning public transport, active travel, and road transport.

Next Steps

3.10 If approved by TfN Board, the draft Strategy will then be subject to a short non-statutory public consultation in October and November. The purpose of the consultation is to ensure that the public and relevant representative groups can comment on the Strategy. Officers will report back to Board in December if any substantive changes are required. The Strategy is expected to be formally published before the end of the 2022/23 financial year.

4. Corporate Considerations:

Financial Implications

4.1 The actions required in 2022/23 are to be addressed within the approved budget. Any resources of expenditure for 2023/24 will be considered as part of the budget and business planning process for that year.

Resource Implications

4.2 The actions for TfN proposed in the draft Strategy have resource implications that will require consideration in business planning for 2023/24. These relate predominantly to ensure the necessary capacity within the Research & Economics and TAME teams to implement additional research and analytical requirements.

Legal Implications

4.3 There are no apparent legal implications arising from this report.

Risk Management and Key Issues

4.4 There are no apparent risk implications arising from this report

Environmental Implications

4.5 This report does not constitute or influence a plan or programme which sets the framework for future development consents of projects listed in the EIA Directive and therefore does not stimulate the need for SEA or EIA. All proposed public transport infrastructure developments will be subject to screening for the need for EIA by the relevant development authority as part of the design development and consenting process.

4.6 This Strategy strongly supports the requirement for a fair transition to a low carbon transport network as a fundamental pillar of TfN's Decarbonisation Strategy.

Equality and Diversity

4.7 The Socially Inclusive Transport Strategy identifies population groups and area types that are relatively more exposed to social exclusion specifically because of issues with the transport system. This includes people with disabilities, those on low incomes and in insecure work, and those living in coastal communities and rural-urban fringes. Through identifying these inequalities and setting out actions for TfN and other transport stakeholders, this Strategy contributes to reducing inequalities between the diverse populations and areas of the North.

Consultations

4.8 Following TfN Board, it is intended that a light touch consultation process is undertaken with members of the public and with stakeholders relevant to inclusive transport in the North of England context.

5. Background Papers

5.1 None

6. Appendices

6.1 Appendix 1: Draft Socially Inclusive Transport Strategy

6.2 Appendix 2: Summary of research findings

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

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

a) TRSE Transport-related social exclusion
b) NPIER Northern Powerhouse Independent Economic Review

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Socially inclusive transport strategy

Draft Five

TRANSPORT FOR THE NORTH

Development stages & governance

Stages	Due date	Status
First draft	28th April 2022	Complete
TfN internal comments	13th May 2022	Complete
Second draft / SOG papers	30th May 2022	Complete
OBT papers	1st June 2022	Complete
OBT	7th June 2022	Complete
Strategic Oversight Group	9th June 2022	Complete
SOG comments deadline	24th June 2022	Complete
Third draft / Exec Board papers	1st July 2022	Complete
Exec Board	28th July 2022	Complete
Fourth draft / Scrutiny Committee Papers	5th September 2022	Complete
Scrutiny Committee	14th September 2022	Postponed
Fifth draft / TfN Board papers	15th September 2022	Underway
TfN Board	29th September 2022	Underway

Context

TfN's 2019 Strategic Transport Plan committed to "*improving inclusivity, health, and access to opportunities for all*", and to achieving inclusive and sustainable economic growth. Linked to this, in 2021/22 TfN conducted research to determine how issues with the transport system in the North cause and exacerbate social exclusion, and to identify the population groups and area types most affected. This Strategy defines TfN's role on inclusive transport, based on this evidence and set of commitments, and defines the broader policy agenda necessary for significant progress on this issue.

TfN's research indicates that 3.3 million people in the North – 21.3% of the population - live in areas where there is a significant risk of Transport-Related Social Exclusion (TRSE). These are areas in which there is the combination of poor access to key destinations by public transport and active travel, and high vulnerability to social exclusion based on local economic conditions, the demographics of the population, and multiple forms of deprivation. These areas are widely distributed across the North, but are particularly concentrated in former manufacturing and mining areas such as County Durham, in coastal areas such as Hartlepool and Blackpool and in smaller towns and cities in rural areas such as Barnsley and Blackburn.

TRSE is caused by the combination of fragmentation, unreliability, and high costs in the public transport system; poor conditions for walking, cycling, and wheeling in car-dominated environments; and the high levels of car dependency that result from this. This leads to poor access to key destinations for those primarily dependent on public transport and active travel, alongside forced car ownership, in which households feel compelled to have access to a car, despite the costs of car access causing them significant hardship. These factors act in a vicious cycle, with poor active travel conditions and public transport provision reinforcing car dependency, and high levels of car use undermining local public transport and worsening active travel conditions.

TRSE has the potential to impact people of any background, but it has a disproportionate effect on specific population groups. TfN's research on TRSE in the North and the wider literature on TRSE in a variety of contexts demonstrates that these are:

- Disability and long-term health conditions: People with disabilities and long-term health conditions are disproportionately impacted by poorly adapted public transport facilities, by poor conditions for active travel, by the costs of using public and private transport, by anti-social behaviour and discrimination when using the transport system, and by fragmentation between transport modes and operators.

- Caring responsibilities: People with significant caring responsibilities within and outside of their household often travel in ways that differ from the best-served commuter routes, and through this are more exposed to fragmentation and unreliability in the public transport system. Linked to this, they are more likely to face forced car ownership, in which they are only able to fulfil their responsibilities by having access to a car, but the costs of doing so causes them significant hardship. They are also more impacted by poor active travel conditions, particularly when travelling with children or when accompanying those using mobility aids.

- Income & employment: Those on low incomes are particularly impacted by cost constraints across public and private transport, the impacts of which are exacerbated by fragmentation between transport modes and operators. This constrains the journeys they are able to take, and their ability to adapt to disruption and delays in their journeys. Alongside this, those in insecure work face additional consequences from delays and unreliability in their journeys, with delays having the potential to lead to loss of pay or loss of work.

- Gender: Women are on average more dependent on public transport for everyday journeys, and because of this are relatively more exposed to fragmentation and unreliability in these systems. Alongside this, women are more likely to be on lower incomes, and on average devote a greater amount of time to caring responsibilities. Because of this, they are more likely to be exposed to the sets of determinants of TRSE linked to income and caring responsibilities. Finally, women are more likely to be impacted by harassment and discrimination in transport spaces, and to face constraints in how, where and when they travel as a result of this.

- Ethnicity: Ethnic minority communities are more likely to be impacted by anti-social behaviour, harassment, and discrimination when using the transport system. These experiences can cause those affected to change or constrain how and where they travel, and consequently limit access to opportunities, key services, and community life. The persistent and significant gap in average incomes between ethnic minority and White British residents of the North also means that ethnic minority communities are more exposed to the set of determinants linked to low incomes.

- Age: Exposure to TRSE varies across life stages, but is particularly likely to impact those transitioning from full time education into full or part time work. This reflects the combination of a loss of access to discounted public transport, a lack of access to private transport, and the increased requirement to travel to new destinations in order to find and access work. This combination of effects often occurs at a time in which incomes are low relative to other life stages, and can form a vicious cycle of low incomes and limited access to opportunities.

- Sexuality and gender identity: LGBTQ people are more likely to be impacted by anti-social behaviour, harassment and discrimination when using the transport system. These experiences can cause those affected to change or constrain how and where they travel, and consequently limit access to opportunities, key services, and community life.

Principles of an inclusive transport system

The following eight principles define TfN's vision for an inclusive transport system in the North of England, and draw together the evidence-base on TRSE in the North.

1. **The role of car access** Having unconstrained access to a car should not be a prerequisite for social inclusion; including accessing opportunities, key services, and community life. Safe, convenient, reliable, and affordable public transport and active travel options should be available across the diverse areas of the North.

2. **Diverse travel patterns:** Public transport services should function equally well for those travelling outside of peak periods and major commuter routes as for those who fit these conventional travel patterns.

3. **Integration:** Public transport information and ticketing should be integrated across administrative boundaries and modes of transport, such that those taking multi-modal journeys across boundaries do not face excessive additional costs and complexities.

4. **Equality of access:** Public transport and active travel infrastructure should be accessible to those with disabilities and limited physical mobility. This accessibility should be fundamental to the design of infrastructure, and offer equality of access.

5. **Technology:** The introduction and use of technology in public transport should be inclusive of those with limited or no access to the internet and to banking services, both at the point of use and in the provision of information.

6. **Local access:** Transport, spatial planning, and digital connectivity policies should combine to expand local access to services, opportunities, and community life, and thereby reduce the impacts of limited access to transport on social inclusion.

7. **Affordability:** The level of transport use necessary to access opportunities, key services and community life should be affordable to those on low incomes, those out of work, and those unable to access work and social welfare.

8. **Safety:** Journeys on, to, and from public transport access points should be safe and be perceived to be safe, particularly for women, LGBTQ people, ethnic minority communities, and people with disabilities.

A baseline of TRSE in the North

TfN's TRSE data tool provides a rigorous means of estimating the risk of social exclusion resulting from transport issues across local areas of England. This is based on analysis of the following factors:

1. Accessibility: The level of access to jobs, education, healthcare, and basic services by car and public transport, and the accessibility gap between car and public transport. Drawing on DfT Journey time Statistics, this includes analysis of the level of access, the number of destinations that are accessible, and journey times.

2. Vulnerability: The extent to which the population is vulnerable to social exclusion, based on the combination of socioeconomic and demographic indicators. Drawing on the English Indices of Deprivation, this considers how vulnerable the population of an area is to poor access to jobs, education, healthcare, and basic services.

A threshold analysis of these factors is used to produce the TRSE Risk Category, which forms TfN's primary measure of the risk of TRSE in the North. This measure is available for all Lower Layer Super Output Areas (LSOAs) in England.

TfN will engage the TRSE Risk Category to measure progress towards an inclusive transport system, and the impact of the set of actions provided in this Strategy.

TfN will monitor the following metrics:

1. The size and proportion of the population of the North living in areas with a high risk of TRSE – defined as those in TRSE Risk Category 3, 4 and 5. Data for 2019, which forms the baseline for this measure, is shown in Graph One and Table One.

2. The distribution of population in categories 3, 4, and 5 between the three regions of the North. Data for 2019 for this measure is shown in Graph Two.

3. The relative risk of TRSE in the regions of the North compared with the rest of England. Data for 2019 for this measure is shown in Graph Three.

Graph One: % of the population of the North by TRSE Risk Category

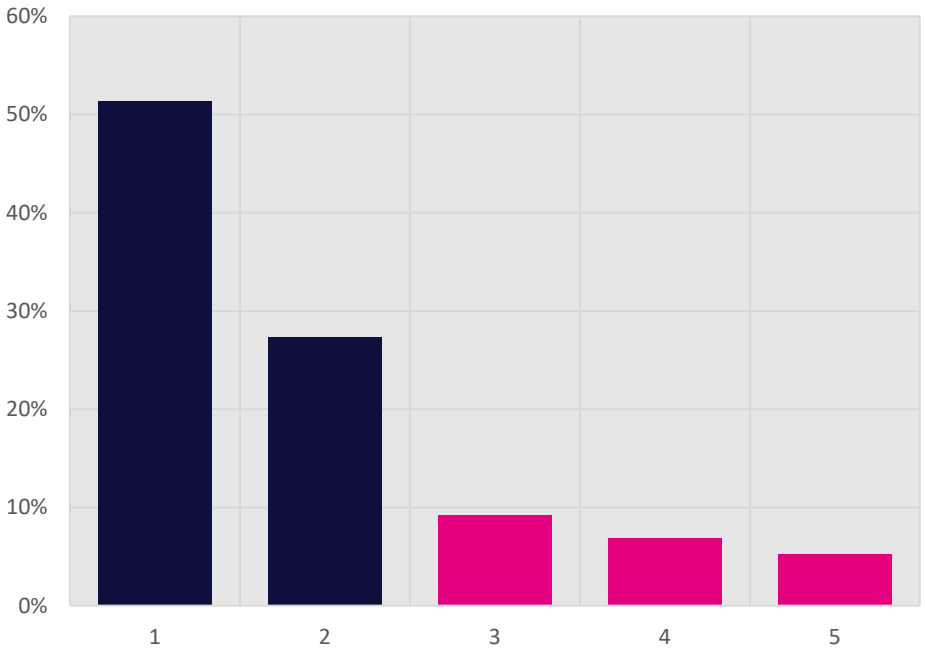
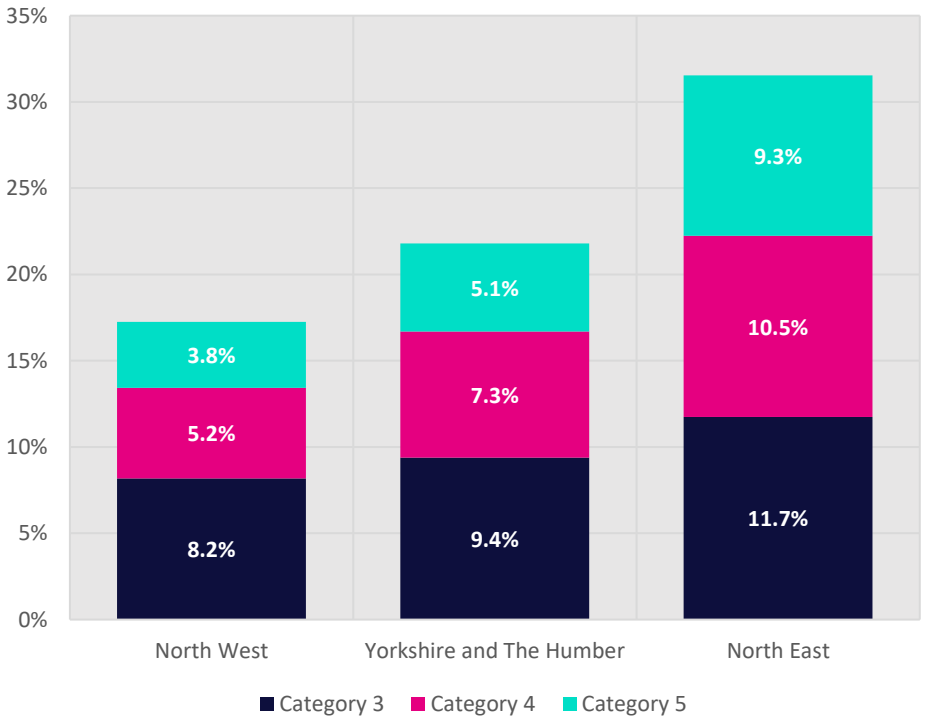


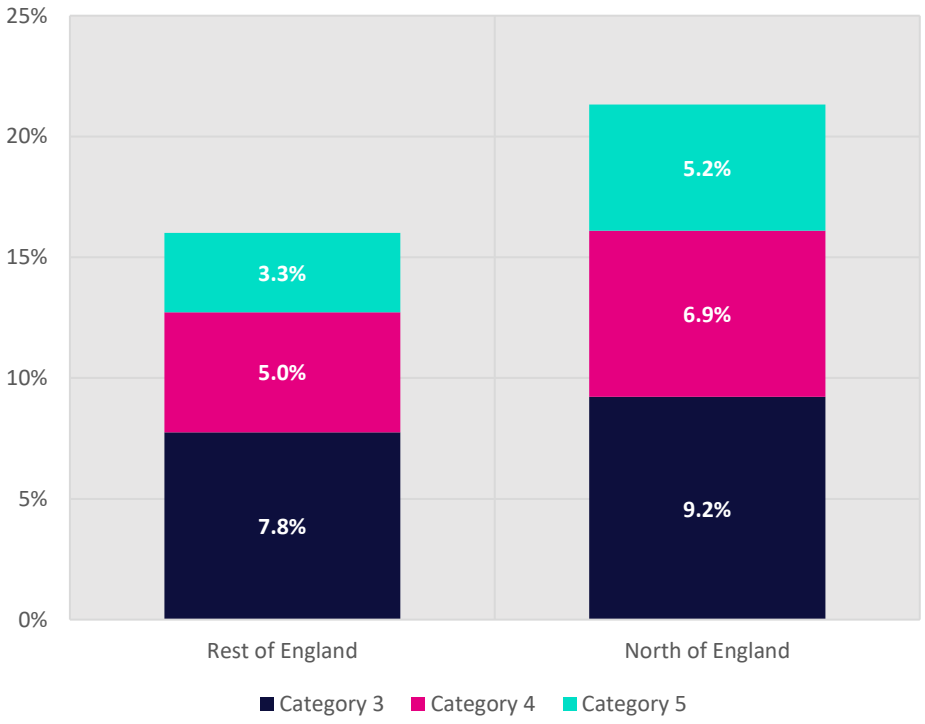
Table One: Population of the North by TRSE Risk Category

Category	Population (millions)
5 – Largest risk	0.81
4	1.07
3	1.43
2	4.24
1 – Smallest risk	7.97

Graph Two: % of the population of the North East, North West, and Yorkshire and the Humber by selected TRSE Risk Categories



Graph Three: % of the population of the North of England and the rest of England by selected TRSE Risk Categories



Challenges

TfN has considered the following key challenges in developing this Strategy:

- The scale of the challenge: TfN's research demonstrates that there are entrenched inequalities in access to transport and vulnerability to social exclusion between population groups and areas, and that a significant proportion of the population of the North is at a high risk of TRSE. Many of the issues observed, such as the extent of car dependency and fragmentation between modes of public transport, are highly entrenched, and are not easily subject to change.

- Attitudes to car dependency: Addressing the current high level of car dependency and car-dominated environments evident across areas of the North is a necessary element of achieving a socially inclusive transport system. However, current levels of car use and dependency can also mean that TfN and partners may face controversy and resistance in seeking to make progress on this issue. The context of growing levels of car use and ownership, and the significant gap between car and public transport accessibility also pose significant obstacles to change in this area.

- Link to multiple policy areas: Achieving an inclusive transport system requires action across multiple policy areas at the national, regional, and local levels, the vast majority of which are outside of the remit of TfN. This issue also interacts with several other TfN Strategies and Policy Positions. This includes transport decarbonisation, active travel, digital, spatial planning, rail, and major roads. Evidence on inclusion impacts has influenced the development of these policy positions, but is often not a core aspect of these existing Strategies and Policy Positions.

- Cross-boundary and organisational collaboration: There is a need for significant cross-boundary and cross-organisational collaboration in order to achieve a socially inclusive transport system. This includes collaboration between TfN, Local Transport Authorities, National Highways, Network Rail, transport operators across multiple modes, national government, third sector organisations, and planning authorities.

- The difference to current ways of assessing transport schemes: Social inclusion and equality considerations are often secondary in transport-decision-making, when compared to factors such as journey time savings and economic benefits. The emphasis on these factors is entrenched in practice and in policy, and results in fundamentally different decisions to what would be the case if equivalent emphasis were placed on social inclusion.

- Interactions with transport decarbonisation: Decarbonisation is a key element of the current transport policy context, and is an increasingly significant driver of transport decision-making at all levels. There is the potential for both significant risks and opportunities for social inclusion, depending on the approach to decarbonisation that is pursued. Broadly, an approach to transport decarbonisation that prioritises private electric vehicles without delivering measures to significantly increase the use of public transport and active travel is likely to increase inequalities and social exclusion. By contrast, an approach that prioritises modal shift towards public transport and active travel is likely to reduce inequalities and social exclusion.

- Measurement and metrics: Social inclusion is fundamentally more challenging to measure than other aspects of the effectiveness of the transport system in the North, and this measurement challenge has contributed to the relative lack of prominence of this issue in transport decision-making at all levels. TfN's TRSE Risk Category offers a systematic means of measuring the size of the population in the North exposed to a high risk of TRSE, including comparisons to other areas of England.

- The impact of averages: Transport planning and investment decisions that – implicitly or explicitly – are shaped around an 'average' or 'typical' user can contribute to social exclusion for those whose circumstances and behaviours differ. For example, a focus in public transport decision-making on peak routes serving city centre locations may align well with the needs of an average commuter, but less so for those making trips between neighbourhoods to fulfil caring responsibilities.

- Access to power and decision-making: There is a significant overlap between the demographic and socioeconomic groups that are most exposed to TRSE and those that have historically had relatively limited access to power and decision-making, and have been the subject of structural inequalities. This includes people with disabilities, women, LGBTQ people, people on low incomes and in insecure work, and ethnic minority communities. This relative lack of access to power and decision-making supports a context in which decisions can be disproportionately shaped by and for relatively advantaged demographic and socioeconomic groups.

- Competitive and fragmented funding for transport investment: The funding of transport investment is and has long been fragmented and competitive. This model means that LTAs are forced to compete for funding that can be specific to particular modes of transport or forms of investment. The fragmentation of the transport system between modes and across administrative boundaries is a significant contributor to TRSE, and in part reflects the approach that successive governments have taken to the allocation of transport funding.

- The impacts of the COVID-19 Pandemic: The COVID-19 pandemic had widespread and fundamental impacts on the lives of people across the UK, but there is an increasing body of evidence that demonstrates that these impacts were not evenly distributed among different populations. In particular, those on low incomes and in insecure work, ethnic minority communities, those with disabilities and long-term health conditions, and those with caring responsibilities were particularly impacted by the health, economic, and societal consequences of the pandemic. The fact that these population groups are also relatively more exposed to TRSE means that it is reasonable to expect that the COVID-19 Pandemic has exacerbated TRSE.

The role of TfN and other organisations in achieving a more inclusive transport system set out below reflects and seeks to overcome these challenges.

The role of TfN in socially inclusive transport

As a sub national transport body, TfN's role is to set a regional transport vision, and to provide statutory advice on planning and priorities for large scale transport investment in the North of England. Within this context, TfN will develop evidence and provide expertise, support Local Transport Authority Partners, and work with a range of transport

stakeholders to achieve a more inclusive transport system in the North. TfN's role reflects, and is shaped by, the commitments in the 2019 Strategic Transport Plan and the wider transport inclusion agenda, as follows:

TfN's Strategic Transport Plan for the North of England

TfN's 2019 STP made the following key statements in relation to social inclusion:

"Income, social and health inequalities are widely seen as one of the defining challenges of the 21st Century. As such inclusive growth should be at the heart of public investment. This Strategic Transport Plan should provide a way for inclusive benefits from investment to be embedded and secured across the North".

"Transport is social infrastructure which should provide opportunity for all potential users, and TfN wants to drive forward the inclusive growth agenda. Strategic transport improvements should not just better connect already connected areas or people to other similar areas or people, improvements should ensure that all areas of opportunity are connected, and that communities are not disconnected and further isolated".

"The Strategic Transport Plan must work for everyone who lives and works in the North through improved access to opportunities. Economic growth in the North should be as inclusive as possible, avoiding transport poverty where the transport network limits access opportunities in communities. Investment in the strategic transport network should enable better access to key opportunities, including employment, health, social activities and education, regardless of an individual's age, income level, location and mobility."

TfN will "Work with partners to identify transport interventions that deliver inclusive economic growth by improving access to employment and skills opportunities for all."

Wider transport inclusion agenda

TfN's research on transport-related social exclusion and the development of this Policy Position sits within a wider inclusion policy agenda, including:

- *Levelling Up White Paper:* The Department for Levelling up, Housing and Communities' Levelling Up White Paper sets out how the Government will work to "end the geographical inequality which is such a striking feature of the UK". This brings together a range of funding announcements across infrastructure, skills, and health, linked to a set of 'missions' across transport, skills, housing and health and wellbeing. The focus here is on geographic inequalities rather than inequalities within geographies. However, delivery of the Levelling Up missions could significantly reduce vulnerability to TRSE across the North, both through improved connectivity, and through improved provision of local services that reduce the need to travel.

- *The Inclusive Transport Strategy: Achieving equal access for disabled people*: DfT's Inclusive Transport Strategy "sets out the Government's plans to make our transport system more inclusive, and to make travel easier for disabled people". This includes an "ambition for disabled people to have the same access to transport as everyone else, and to be able to travel confidently, easily and without extra cost", and a set of

actions to achieve this ambition.[1] TfN's research on TRSE demonstrates that people with disabilities and long-term health conditions are the population group most impacted by TRSE, and the full delivery of the actions set out in the *Inclusive Transport Strategy* will significantly contribute to the reduction of TRSE in the North.

- *Inclusive mobility: A guide to best practice on access to pedestrian and transport infrastructure:* DfT's inclusive mobility guide provides information on "best practice on access to pedestrian and transport infrastructure" for people with disabilities; updating previous guidance in part by drawing on the *Inclusive Transport Strategy.*[2] Given the extent of exposure to TRSE among people with disabilities and long-term health conditions in the North and the link of this exposure to the design of pedestrian and transport infrastructure, the full implementation of this guidance in new developments would contribute to reductions in TRSE.

- *Gear Change: A bold vision for cycling and walking:* Environments that are dominated by car use and storage contribute to TRSE. This is through the direct barriers that such environments provide to active travel, the impacts on access to public transport, and the car-dependency that this reinforces. DfT's *Gear Change* strategy sets out the need for a "step-change in cycling and walking", and to realise the benefits that cycling and walking can generate for public health, air quality, and climate change.[3] *Gear Change* includes a summary of inclusive design principles for cycling and walking, the full implementation of which would have significant benefits for populations affected by TRSE in the North.

- *Cycle Infrastructure Design (LTN 1/20):* LTN 1/20 provides Local Authorities with a recommended set of design standards for cycling infrastructure. It is "an expectation that local authorities will demonstrate that they have given due considerations to this guidance when designing new cycling schemes and … when applying for government funding that includes cycle infrastructure".[4] TfN's research demonstrates that the current conditions and infrastructure available for active travel in many areas of the North limits what is otherwise a practical and highly affordable mode of transport, and contributes to car dependency and forced car ownership. Widespread implementation of cycling infrastructure at LTN 1/20 standards has the potential to reduce transport costs and car dependency in the North, and through this reduce TRSE.

- *Bus Back Better: National Bus Strategy for England*: The combination of widespread declines in the frequency and availability of bus services alongside above-inflation in average bus fares over the last decade is a major driving factor of TRSE in the North. DfT's *National Bus Strategy for England* provides long term funding commitments and strategic direction for bus services outside of London, and highlights how investment in bus services supports multiple government priorities – including access to work and education, decarbonisation, and the reduction of regional inequalities.[5] This Strategy highlights many of the same challenges with local public transport than TfN's research demonstrates are among the key drivers of TRSE in the North, including fragmentation

[1] The Inclusive Transport Strategy: Achieving Equal Access for Disabled People
[2] Inclusive Mobility. A Guide to Best Practice on Access to Pedestrian and Transport Infrastructure
[3] Gear change: a bold vision for cycling and walking
[4] Cycle Infrastructure Design
[5] Bus Back Better: National Bus Strategy for England

between operators, inequalities in levels of services between areas and times of day, and the complete loss of services in some rural communities.

- *Bus Service Improvement Plans:* Linked to the *National Bus Strategy for England*, Local Transport Authorities have developed *Bus Service Improvement Plans (BSIPs)*. These plans act on the strategy by setting out how LTAs and bus operators will deliver an "a fully integrated service with simple, multi-modal tickets, more bus priority measures, the same high-quality information for all passengers in more places, and better turn-up-and-go frequencies that keep running into the evenings and at weekends".[6] In 2022, DfT awarded funding of £1.1 billion for 31 BSIPs in England. Eight LTAs in the North received some level of funding, and ten had no part of their BSIP funded.

- *Rural Mobility Fund:* The lack of frequent and reliable public transport options in rural communities results in high levels of car dependency, including forced car ownership, and limited or no access to opportunities, key services, and community life for many. In 2021, 17 rural areas – including three in the North – received funding to support the development of business cases to improve rural bus services.

- *The Green Book:* Revisions to the appraisal methodology and process set out in *The Green Book* were undertaken "in response to concerns that the government's appraisal guidance may mitigate against investment in poorer parts of the UK, and undermine the Government's aim to "level up" these areas".[7] The revisions did not fundamentally change the core methodology, but has led to a greater emphasis on the strategic context of proposals – including the "specific social and economic features of different places". Given the uneven distribution of TRSE in the North and the link of this issue to local social and economic features, this greater emphasis on strategic context provides significant opportunity for schemes and investment that combat TRSE.

- *Equality Act 2010:* The population and identity groups that are most impacted by TRSE overlap with the Protected Characteristics defined by the Equality Act 2010. This includes disability, sexual orientation, sex, and race. The Act prohibits both direct discrimination and indirect discrimination, and sets out a duty to make adjustments for disabled persons. These provisions are relevant to many of the physical aspects of TRSE, including the design of public transport access points and street environments, and may also be relevant to questions of access to opportunities and key services for different population groups.

Links to other TfN workstreams, positions & strategies

This strategy links to and draws on a number of other TfN workstreams, and to current policy positions and strategies. The key links from inclusive transport to other areas TfN workstreams are as follows:

- Active Travel Policy Position: Progress towards a socially inclusive transport system in the North requires significant progress in the quality of infrastructure and conditions for walking, cycling, and wheeling – collectively known as active travel. Car-dominated

[6] Bus service improvement plans: guidance to local authorities and bus operators
[7] The Green Book Review 2020: Findings and Response

environments, community severance, and high levels of car-dependence contribute to social exclusion through limiting access to opportunities, key services, and community life, limiting access to public transport, and increasing the inequality between those with and without unconstrained access to private transport. TfN's Active Travel Policy Position sets out a number of actions for TfN to support Partners and to work with national government to improve conditions for active travel.

- Spatial Planning Policy Position: The manner in which spaces are designed – particularly the extent to which spaces enable active travel and access to public transport or prioritise car access – plays a central role for social inclusion. This is relevant for both the planning of new residential and commercial developments, and to how existing spaces are repurposed and adapted to ensure equality of access and social inclusion. TfN's Spatial Planning Policy Position sets out several actions for TfN to support those involved in the planning process in rebalancing away from car-dominated environments to promote healthier and more liveable places for all.

- Digital Mobility strategy: The rollout of digital payment, ticketing, and information technologies in public transport presents significant risks and opportunities for those affected by TRSE. This includes the potential benefits of increased integration between modes, reducing the additional cost burdens on those taking multi-stage and cross-boundary trips, and improving access to real time information at access points. Alongside this, there is the potential that moves towards digital-only payment and information delivery could further exclude those with limited access to smartphones, banking services and internet connections. TfN's Digital Mobility Strategy will set out how the North will deliver digital mobility across areas including mobility ticketing, open data, fares reform, and demand responsive transport.

- Transport Decarbonisation Strategy: The extent of car-dependency inherent to the transport system in the North is both a major source of carbon emissions, and a significant contributor to TRSE. This is evident both in the impact of high levels of car use on public transport and active travel, and in the extent of forced car ownership that results from the significant accessibility gap between public transport and car travel. TfN's Transport Decarbonisation Strategy sets out a trajectory to achieve close to net zero carbon emissions from surface transport in the North by 2045, and the level of policy commitment needed to achieve this, including a need to reduce private car vehicle by up to 14% from predicted baseline levels by 2030. The Strategy includes policy recommendations to enable modal shift away from private car use through investment in public transport and active travel, alongside the transition to electric vehicles, as well as a number of activities that TfN can undertake to support this.

- Clean Mobility Visions: One of the practical activities, falling out of TfN's Decarbonisation Strategy is Clean Mobility Visions. This activity supports our Partners by developing evidence-based and contextualised policies that enable modal shift away from private car use, helping to visualise both the carbon and wider health and accessibility benefits of doing so. Alongside long-term investment in public transport, this includes a range of more immediate interventions to transform car-focused spaces to enable active travel and access to public transport – such as low traffic neighbourhoods, school streets, and managing levels of car parking.

- Electric vehicle charging infrastructure framework: The transition to electric vehicles is a necessary and critical component of transport decarbonisation. TfN's Electric Vehicle Charging Infrastructure Framework supports this through robust evidence on charging demand and requirements, a comprehensive and consistent regional route map towards an effective and inclusive network, and through reducing investment uncertainty in EV infrastructure. This includes working to ensure that the diverse area types are well served by EV charging provision, and that provision is not only focused in the most commercially viable areas. The EVCI framework capabilities also provide a means to make better assessments regarding the many social and spatial considerations associated with EV charging infrastructure, particularly those impacting the non-EV users.

- Analytical Framework Development: Limitations in how the social impacts of the transport network have been analysed, and the relative weight given to social vs economic impacts in transport appraisal, have contributed to the inequalities evident in the transport system. TfN's Analytical Framework consists of a set of models and analytical tools that analyse the current pan-northern transport network and the impact of transport investments. This implements and expands on DfT's Transport Analysis Guidance, and includes impacts on the road and rail network, on land use, and on decarbonisation. The further development of TfN's Analytical Framework will directly incorporate the measurement of transport-related social exclusion, and through this expand the capacity to provide robust evidence on how specific transport investments impact inclusion.

- Transport, health & wellbeing research: There is a significant degree of overlap between the causes of transport-related social exclusion and the impacts of the transport system on health and wellbeing. This includes the impacts of car-dependency, poor conditions for active travel, a lack of access to key services and community life, and the impacts of community severance. Consequently, TfN's research on transport, health and wellbeing will add to the evidence base on social exclusion, and highlight areas of mutual benefit where transport investment can support both improved social inclusion and improved health and wellbeing

- Northern Powerhouse Independent Economic Review (NPIER): TRSE is fundamentally connected with economic conditions across the North, including access to secure and high-quality employment, the extent of poverty, and where key services are located relative to different population groups and areas. The 2022/23 NPIER will build on the 2016 review, in part by expanding the focus of analysis to include the foundational economy, and by expanding the level of detail in the analysis of where different sectors of the economy are concentrated. This will complement and expand the evidence base on the causes of social exclusion, and outputs from the updated NPIER will be engaged in the further development of the evidence base on TRSE.

- Major Roads Report: The gap between what is accessible to those primarily dependent on active travel and public transport and those with unconstrained access to private transport is central to TRSE in the North. Alongside this, the impacts of community severance caused by road infrastructure is also a significant part of this issue. The 'predict and provide' approach to road planning, in which road development is based on catering for indefinitely increasing demand, is a significant contributory factor to this. TfN's Major Roads Report sets out TfN's vision for the major roads network as

part of a multi-modal transport system. This includes an initial appraisal process to explore alternatives to road expansion to address the challenges faced in different local contexts, actions to identify and reduce the negative externalities associated with road transport, and a focus on integration with local transport networks.

- Monitoring and Evaluation Framework and Strategy: The dominance of journey time saving metrics, network efficiency metrics and macro-economic outcomes in transport decision-making is linked to inequalities evident in the transport system in the North and elsewhere. TfN's Monitoring and Evaluation Framework provides a set of indicators that measure a broad range of impacts of the transport system including measures of TRSE. TfN's Monitoring and Evaluation Strategy provides a set of processes for monitoring these impacts at a Pan-Northern scale and ensuring they are considered across TfN decision-making. This enables TfN to transparently track progress towards the objectives set out in the 2019 STP in a way that is balanced across transport system metrics, economic metrics, social impacts, and decarbonisation. TfN will also engage with partner organisations to promote best practice in Monitoring and Evaluation.

- Strategic Rail: Rail plays a key part in the integrated and flexible transport network required to reduce levels of TRSE in the North. As part of the development of the 2024 STP, TfN is developing a rail policy that supports access to work, education, and other key destinations, ensures that rail services better reflect changing travel habits following the COVID-19 pandemic, and improves multi-modal integration at stations across the North. Alongside this, TfN contributes to business cases in areas currently poorly served by rail, in which inclusion is an explicit aim, and is working with the Great British Railways Transition Team, Network Rail, and DfT on local integration.

- Future Travel Scenarios: TfN has adopted a scenario planning approach to help futureproof decision-making and establish a detailed and holistic representation of TfN's vision. TfN's Future Travel Scenarios represent strategic factors that are external to TfN's direct control and are used as 'reference case' scenarios to test different TfN strategies and policies in terms of their performance against objectives. In exploring economic, social, and environmental interdependences, TfN's approach is aligned to the National Planning Policy Framework and ensures our strategies recognise and address interdependencies with non-transport sectors. There is an important balance to be achieved between improving the North's economic performance, ensuring that transport becomes increasingly sustainable in line with meeting carbon reduction targets, whilst supporting improvements in inclusivity and prosperity.

Actions for TfN

In addition to the workstreams detailed above, TfN will take the following actions:

- Develop and share evidence on TRSE: TfN will take a leading role in developing the evidence on the causes, consequences, extent, and distribution of TRSE in the North of England. This will include:

    - Further development of TfN's TRSE data tool to measure the relative risk of TRSE across small areas in the North: TfN's current tool provides LSOA-level analysis of TRSE across England, based on a transport accessibility analysis and population vulnerability analysis with a 2019 base year. Further development of this tool will

consider change between 2015 and 2019, and between 2019 and 2023, once data becomes available. TfN will use this to analyse the key drivers of change in the risk of TRSE over time, including the impacts of the COVID-19 pandemic. TfN will publish and share outputs from this analysis.

- Validation and refinement of the TRSE data tool: TfN will validate and refine the results of the TRSE data tool by undertaking local area case studies. This will take place through cross-checking the outputs of the tool with outputs from TfN's Analytical Framework, and through additional primary research in selected areas. These case studies will validate and refine the estimates of the risk of TRSE provided through the data tool.

- Further research with primary data gathered from populations affected by TRSE: TfN has gathered a significant body of primary data on the lived experiences of TRSE in a diverse range of areas of the North of England. TfN's report, *Transport-related social exclusion in the North of England,* sets out the major findings from these data. In 2022/23, TfN will conduct further research and analysis using these already collected datasets, in order to maximise the use and value of the contributions gathered from members of the public in areas of the North affected by TRSE. TfN will publish the findings of this further research.

- Integrate TRSE metrics into TfN's Analytical Framework: TfN's Analytical Framework consists of a set of tools and models to analyse the transport network in the North of England, and to appraise the impacts of transport interventions. Currently, TfN's Analytical Framework implements elements of DfT's Transport Analysis Guidance relating to social and distributional impact analysis. Drawing on the data analysis conducted during the TRSE research, and the ongoing development of data tools to measure TRSE, TfN will improve the capacity to measure how a range of transport interventions will impact areas and populations impacted by TRSE.

- Develop minimum public transport service standards: Access to affordable, reliable, and integrated public transport services is central to an inclusive transport system. TfN will use the data resources and other evidence available to develop a set of minimum public transport service standards for a range of area types, that would produce socially inclusive outcomes. This will include rural areas, post-industrial towns, coastal communities, and other area types where the risk of TRSE is relatively high.

- Develop a social inclusion checklist to support business case development: As well as enhancing the appraisal of transport interventions through expanding the Analytical Framework, TfN will develop a social inclusion checklist to support LTAs and other decision-makers in developing schemes that will reduce transport-related social exclusion. This will bring together a set of principles and resources, and provide decision-makers with a checklist that can be implemented early in the scheme development process with minimal additional resources required.

- Improve access to decision-making for population groups affected by TRSE: There is a significant overlap between the socioeconomic and demographic groups that have historically had least access to transport decision-making at all levels, and the population groups that are most affected by TRSE. This includes people with disabilities, those on low incomes and in insecure work, women, older people, and

ethnic minority communities. Reflecting this, TfN will increase engagement with organisations and groups that represent and advocate for these populations, and work to embed this engagement in TfN's decision-making.

- Identify severance on the Major Roads Network and rail network: The issue of community severance is a direct contributor to TRSE through its impact on access to opportunities, key services, and community life, and an indirect contributor through impacts on access to public transport. However, while these impacts of severance are well documented, tools to measure severance beyond the micro level are currently under-developed. TfN's *Transport, Health, and Wellbeing in the North of England* research project has developed an initial methodology for measuring severance across a broader geography, and TfN will further develop and share this tool. Development of this tool will enable TfN and LTAs to identify areas of the current Major Roads Network and rail network where there is a significant risk of severance, and to support the development of business cases.

Broader policy themes

TfN has a significant role to play in reducing TRSE in the North and in moving towards a socially inclusive transport system – including through developing and sharing evidence, coordinating across LTAs and other boundaries, and providing statutory advice to government. However, the majority of the policy changes and investment required to achieve a socially inclusive transport system are outside of the control of TfN. The set of solutions to TRSE set out here recognise this broader context, and highlight the ways in which other organisations can act to achieve a more socially inclusive system.

Public transport policy themes

Policy theme	Most relevant to
Levels of investment in local public transport across the North that significantly narrows the gap in access to opportunities, key services, and community life between those primarily dependent on public transport, and those with unconstrained access to private transport. Significant increases in investment in local bus services is a necessary and key part of this, given that those exposed to TRSE are far more likely than the wider population to use buses, and to have little or no alternative to these services when they face disruption.	DfT
Prioritising investment in local public transport – particularly bus services – to areas of the North where there is relatively greater risk of TRSE. This investment should, at a minimum reverse the significant declines in services and real terms increases in fare levels seen in the last decade.	DfT, LTAs
Greater emphasis on connectivity between neighbourhoods and communities in transport planning, particularly through the expansion of orbital bus routes that do not require journeys into and out of a central hub. This should address the significant imbalance that is common between routes serving commuter	LTAs

journeys from suburban areas to urban centres, and those serving journeys between neighbourhoods and local centres.	
Greater emphasis on connectivity between deprived communities and peripheral employment and service locations, including industrial areas and out of town retail and service centres that are commonly designed around car access. This should address the imbalance that is common between routes serving traditional commuter journeys, and those linking deprived communities with the industrial and service sectors.	LTAs
Acknowledging the key role that active travel routes play in access to public transport, and giving greater priority to those walking, cycling, and wheeling than is currently common across public transport infrastructure. This acknowledges the extent to which car-focused public transport approaches, such as park and ride schemes, can increase the accessibility gap between those with and without access to private transport.	DfT, National Highways, Network Rail, Active Travel England, LTAs
Reallocating road space to give greater priority to public transport, particularly local bus services. This is both to improve the reliability and viability of services in congested areas, and to address the significant gap between car and public transport accessibility common across the North.	National Highways, LTAs
Integrating ticketing, fares, and routing across modes of public transport, and removing the significant additional costs faced by those travelling across local boundaries. This should include efforts to rebalance services between neighbourhood routes and the most commercially lucrative commuter corridors, and to target areas where there is currently a marginal service.	DfT, LTAs, operators
Maintaining and improving ways to pay for public transport and access public transport information that do not require a smartphone with internet access. This includes the ability to pay by cash at public transport access points, digital information screens showing live running service information, and up to date printed material.	LTAs, operators
Expanding frequency of services in areas where there is a relatively high level of multi-modal and multi-service journeys, and in areas of poverty and deprivation. This is necessary to reduce the significant disruption that is common where one part of a multi-stage journey is delayed or cancelled.	DfT, LTAs, operators
Improving accessibility to public transport spaces and vehicles to those with physical disabilities, and those with reduced mobility. This should provide equality of access when using public transport and when transitioning between public transport modes, and avoid placing additional burdens on those with disabilities that are not faced by others. This includes improving the quality and quantity of space that is dedicated to those using mobility aids, and improving public transport information.	LTAs, operators
Extending the affordable ticketing options currently available to children and to older people to those on low incomes, people with disabilities and long-term health conditions, and those	DfT, LTAs

seeking work. This should mitigate the vicious cycle that is currently evident between poor access to opportunities with the transport options available, and low income and insecure work.	
Working with population groups that are disproportionately impacted by safety concerns, harassment, and discrimination in public transport spaces to develop practical solutions. Increased staff presence, improved use of lighting, and increasing passenger numbers are all likely to contribute to resolving this issue.	Network Rail, operators, British Transport Police
Expanding the level of consultation, engagement, and access to decision-making power among people with disabilities and long-term health conditions, people with caring responsibilities, young people, women, people on low incomes, and other groups that are disproportionately exposed to TRSE in public transport investment decisions.	DfT, LTAs, operators

Car travel and road investment policy themes

Policy theme	**Most relevant to**
Placing greater emphasis on the significant gap between public transport and car accessibility when considering road investment priorities, particularly where road investment encourages services and opportunities to locate in peripheral areas that are principally or solely accessible by car.	DfT, National Highways, LTAs
Placing greater emphasis on severance effects for those walking, cycling, and wheeling in road investment decisions, and on the extent to which the expansion of the road network is likely to increase levels of car dependency. This is relevant both to the expansion of existing roads, and the development of new roads.	National Highways, LTAs
The use of underpasses and pedestrian bridges that place significant inconvenience on those walking, cycling, and wheeling in order to increase traffic flow should be avoided. This is particularly significant given the disproportionate impact of such measures on people with disabilities, women, and those with caring responsibilities.	National Highways, LTAs
The rollout of electric vehicle charging infrastructure should reduce rather than reinforce car dependency, and mitigate issues such as pavement parking and additional pavement clutter. Vehicle charging infrastructure that is placed on pavements is likely to a have a disproportionate impact on the ability of those with disabilities and those travelling with young children to access public transport and local destinations.	DfT, LTAs
Transport decision-makers should engage the opportunity presented by the broader transition to a net zero carbon transport network to enable modal shift away from private car use, and to close the significant accessibility gap between public and private transport common across the North. This includes transitioning from a 'predict and provide' model of road	DfT, National Highways, LTAs

investment to a 'vision and validate' approach, with social inclusion a core part of that vision.	
Improving public transport accessibility and active travel conditions, rather than increasing levels of vehicle capacity, should increasingly become the primary means of resolving traffic congestion. This is particularly significant in areas where there are high levels of car dependency, and high risk of TRSE.	LTAs, National Highways
Consider how the relative pricing of different travel choices could more accurately reflect both the direct, but also wider costs of those travel options on society as a whole, including on health and wellbeing and local economies.	DfT
Reviewing and managing levels of on and off street car parking in urban areas in a manner that consistent with reducing car dependency in urban environments. This should be used in combination with investment in public transport and active travel, and incorporate both levels of provision and pricing.	LTAs
Expanding the level of consultation, engagement, and access to decision-making power among people with disabilities and long-term health conditions, people with caring responsibilities, young people, women, people on low incomes, and other groups that are disproportionately exposed to TRSE in road investment decisions.	DfT, National Highways, LTAs

Active travel policy themes

Policy theme	**Most relevant to**
Reducing the high levels of obstructive pavement parking common across areas of all types. This reflects the disproportionate impacts that pavement parking has on those with disabilities and long-term health conditions, on children and young people, and on those with caring responsibilities.	DfT, LTAs
Increasing the number of pedestrian crossings in areas with a high risk of TRSE, areas surrounding schools and key services, and areas with high traffic flow and speeds. Crossing should be provided on desire lines for those travelling actively, not impose significant waiting times, and provide sufficient time for people with disabilities and limited mobility to cross safely.	LTAs
Reducing the widespread use of national speed limits on rural roads, particularly on roads that connect communities over relatively short distances, and where no space is dedicated to active travel. This reflects the significant barrier that high traffic speeds can pose to active travel under these conditions.	DfT, LTAs
Considering access by walking, cycling, and wheeling as a fundamental part of the design and development of public transport and major road schemes, particularly in areas where there is a high risk of TRSE in combination with high levels of car dependency.	National Highways, Network Rail, Active Travel England, LTAs

Expanding and targeting measures such as dedicated cycling and wheeling infrastructure, low traffic neighbourhoods, 20 MPH zones, and school streets in areas where there is a high risk of TRSE, and in which there are high levels of community severance and car dependency.	Active Travel England, LTAs
Identifying and removing obstacles to active travel such as gates, chicanes, and access barriers that prohibit or obstruct access by those using mobility aids, and which introduce conflict between those walking, cycling, and wheeling.	LTAs, developers
Expanding the level of consultation, engagement, and access to decision-making power among people with disabilities and long-term health conditions, people with caring responsibilities, young people, women, people on low incomes, and other groups that are disproportionately exposed to TRSE in active travel investment decisions.	DfT, LTAs


TRANSPORT FOR THE
NORTH

Transport-related social exclusion in the North of England



TRANSPORT FOR THE NORTH

Summary and key findings

Background and methods: This report sets out the causes, consequences, and extent of transport-related social exclusion (TRSE) in the North of England. This draws on primary research undertaken with over 3,000 members of the public, stakeholders, and experts across areas of the North, and on a data tool that measures the risk of TRSE across England. This tool combines accessibility analysis with a range of socioeconomic and demographic indicators to provide a systematic comparison of the risk of TRSE.

Defining TRSE: TRSE means being unable to access opportunities, key services, and community life as much as needed, and facing major obstacles in everyday life through the wider impacts of having to travel to access key destinations. These wider impacts include the cost and time entailed in using the transport system, and the impacts of stress and anxiety linked with using the transport system. Together, these impacts can contribute to a vicious cycle of poverty, isolation, and poor access to basic services.

Causes: TRSE is caused by the combination of fragmentation, unreliability, and high costs in the public transport system; poor conditions for walking, cycling, and wheeling in car-dominated environments; and the high levels of car dependency that result from this. This leads to poor access to key destinations for those primarily dependent on public transport and active travel, alongside forced car ownership, in which households are compelled to have access to a car, despite the costs of car access causing them significant hardship.

Extent and distribution: The data analysis presented in this report estimates that 3.3 million people in the North live in areas where there is a high risk of TRSE. These are areas in which there is poor access to key destinations by public transport, high levels of car dependency, and significant vulnerability to social exclusion. These areas are widely distributed across the North, but are particularly concentrated in manufacturing and mining legacy areas, in rural-urban fringes, in smaller cities and towns, and in coastal communities. On average, those in the North are more at risk of TRSE than those in the rest of England, with 23.3% of those in the North living in high risk areas, compared with 16% of those in the South and Midlands.

Population impacts: TRSE has a disproportionate effect on people with disabilities and long-term health conditions, people with caring responsibilities, and those on low incomes and in insecure work. Underlying this are physical accessibility and cost constraints, transport planning and routing decisions that prioritise commuter corridors, and increased exposure to fragmentation and unreliability. Differences in exposure to TRSE are also evident based on age, gender, ethnicity, and sexuality, with TRSE reflecting and reinforcing wider patterns of social and economic inequality.

Solutions: Reducing the level of TRSE in the North and the disproportionate impacts faced by specific population groups requires significant investment in local public transport services. These services should be integrated across boundaries and modes, and provide a viable and reliable access to opportunities, key services, and community life for those travelling outside of peak periods and core commuter routes. This, along with transforming car-dominated environments to enable active travel, should support a context in which having unconstrained access to a car is not a prerequisite for social inclusion.

A vicious cycle of transport issues and social exclusion

This report describes a vicious cycle of transport issues and social exclusion in the North of England. This cycle combines aspects of the societal context, the nature of the transport system, and the disproportionate impacts of these issues on specific population groups and geographical areas. The key elements of this cycle are:

A societal context of

Poverty, multiple deprivation, and income inequality.
Inequalities relating to disability, gender, caring, ethnicity, and LGBTQ identities.

Alongside a transport system that features

Car-dominated environments with poor conditions for walking, cycling, and wheeling.
Fragmented, infrequent, and unreliable public transport services.
High costs of public transport, particularly for multi-mode and cross-boundary trips.

The combination of which leads to

A large gap in access to opportunities, key services, and community life between those with unconstrained car access, and those relying on public transport and active travel

Alongside

High levels of car dependency, including forced car ownership.

Which results in social exclusion through

Limited access to opportunities, key services, and community life for those reliant on public transport and active travel.

Alongside the wider impacts of

Using the transport system for key journeys causing significant stress and anxiety.
The money spent on transport causing significant financial hardship.
The time spent travelling for key journeys crowding out leisure & recreation.

Which reinforces and leads back to

Poverty, multiple deprivation, and income inequality.
Inequalities relating to disability, gender, caring, ethnicity, and LGBTQ identities.
Transport and spatial planning that prioritise car use.

Principles of a socially inclusive transport system

The following principles bring together key aspects of the evidence on the causes, extent, and consequences of TRSE in the North of England, and how this evidence can be translated into practical steps towards a socially inclusive transport system.

One: The role of car access

Having unconstrained access to a car should not be a prerequisite for social inclusion; including accessing opportunities, key services, and community life. Safe, convenient, reliable, and affordable public transport and active travel should be available across the diverse place and population contexts of the North.

Two: Diverse travel patterns

Public transport services should function equally well for those travelling outside of peak periods and major commuter routes as for those who fit these conventional travel patterns.

Three: Integration

Public transport planning and ticketing should be integrated across administrative boundaries and modes of transport, such that those taking multi-modal journeys across these boundaries do not face excessive costs and complexities.

Four: Equality of access

Public transport and active travel infrastructure should be accessible to those with disabilities and limited physical mobility. This accessibility should be fundamental to the design of infrastructure, and offer equality of access.

Five: Technology

The introduction and use of technology in public transport should be inclusive of those with limited or no access to the internet and to banking services, both at the point of use and in the provision of information.

Six: Local access

Transport, spatial planning, and digital connectivity policies should combine to expand local access to services, opportunities, and community life, and thereby reduce the impacts of limited access to transport on social inclusion.

Seven: Affordability

The level of transport use necessary to access opportunities, key services and community life should be affordable to those on low incomes, those out of work, and those unable to access work and social welfare.

Eight: Safety

Journeys on, to, and from public transport access points should be safe and be perceived to be safe, particularly for women, LGBTQ people, ethnic minority communities, and people with disabilities.

Shared experiences of TRSE

This report demonstrates how the range of issues with the transport system in the North have widespread and fundamental impacts on the everyday life, and are a cause of social exclusion. As well as quantitative data, this conclusion is supported by qualitative evidence of the lived experiences of TRSE across diverse population groups and area types. Below are five illustrative examples of the ways that TRSE is experienced. Each example combines the experiences of several of those who participated in the qualitative research.

Rob

Rob is in his early 20s, and lives in a small town in the North East. He has struggled to hold down regular work since leaving school, and while he has a driving licence, he cannot afford to own and run a car. Since COVID-19 restrictions eased, he has been looking for work in hotels and restaurants, most of which are a few miles away on the coast. While he has found a few vacancies, with the bus services available it is impossible for him to make it in time for early morning shifts or to make it back from many late evening shifts, and this is proving a major barrier to him finding work. He has lost work before after bus cancellations caused him to repeatedly run late for his shifts, and knows that with the insecure work available to him, there is a risk he could end up paying the bus fare only to find there is no work available if he is late.

Lakshmi

Lakshmi lives in a suburb of a city in Yorkshire, with her husband and two-year-old son. She is the main carer for her mother, who lives on the other side of the city. Her husband commutes in their car, so she balances her caring responsibilities using public transport most of the time. Her mother's house is only a few miles away, but getting there requires a bus to the city centre and then a tram out, with a typical wait of 20 minutes in between. It should only be a five-minute walk to the bus stop, but there are more and more cars parked on the pavement, and it can take a long time to safely cross the main road to her stop when she has the pushchair. Because of this, she often ends up leaving 15 minutes before the bus is due, to avoid missing her connection. This extra time really adds up, and she has recently had to give up her part time job to make these journeys work. She also has to buy two return tickets to complete the journey – one for the tram and another for the bus – which with the drop in her income is putting major pressure on her finances.

Mahomed

Mahomed lives in a town in the North West, and works on an industrial estate on the outskirts of the town. He starts work at 7AM, and with the public transport options in the area he has no option but to drive to work. His car recently failed an MOT, and while he was able to borrow a car from a friend while his car was off the road, the cost of the repairs have caused him major financial hardship. He had to cut down on his food shop and fall behind on bill payments to get his car back on the road, and knows he will have to do the same again when the insurance is up for renewal. He can walk to see friends and family nearby, and only really uses his car for travelling to work, but it is almost impossible for him to lead an active social and community life with the money he has left after paying for his car.

June

June has lived all of her life in a rural village in the North West, and is in her 80s. Her husband has recently had to enter residential care after being diagnosed with dementia, and as her eyesight has worsened, she has reluctantly given up driving. She uses a community transport service to visit her husband, and has her shopping delivered, but she feels increasingly isolated from friends in the area. The bus service in her village only operates one return journey to the nearby town per day, and there are no connecting services out to other areas that she can use and still get the return bus home. She can afford to take a taxi some of the time, and uses these for hospital appointments, but her fixed income means this is not an option for most trips she would like to take. She is also finding the walk to the bus stop in her village increasingly difficult, as part of this involves crossing an unlit rural road with national speed limit, and no pavement on one side. Because of this, she does not feel able to use the bus during winter months.

Katie

Katie lives in a suburb of a city in Yorkshire. She has a progressive health condition which limits her mobility, and has recently started using a wheelchair. Katie moved to her neighbourhood because it was close to local shops and services, as well as to a regular rail route, but she feels increasingly isolated. Cars parked on the pavement, increasing amounts of traffic on the roads, and a lack of safe pedestrian crossings in her area means that she is unable to access local services in her wheelchair – even though the distance itself is manageable. Her local rail station is wheelchair accessible, but many of the stations she would like to travel to are not, and the requirement to book assistance well in advance restricts her from using rail at short notice. She has also faced anti-social behaviour from other passengers when travelling by rail, particularly when she has attempted to use the designated wheelchair space at busy times, and the lack of staff available while travelling makes her feel vulnerable. This stress and anxiety add to her feelings of isolation.

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TRANSPORT FOR THE NORTH

Meeting: Transport for the North Board

Subject: Connected Mobility Work Update

Author: Matt Smallwood, Head of Digital Strategy

Sponsor: David Hoggarth, Strategic Rail Director

Meeting Date: Thursday 29 September 2022

1. Purpose of the Report:

1.1 At its meeting on 30 March 2022 the Board agreed to the preparation of a Connected Mobility Strategy, the purpose of which is to support Transport for the North partners in the development and delivery of measures that improve the user experience. This paper provides an update on activity underway with partners across the North as a precursor to preparing the draft Strategy.

2. Recommendation

2.1 The Board is being asked to note the contents of this report and identify any further opportunities that it wishes to be explored as part of Transport for the North's work on Connected Mobility.

3. Context

3.1 The proposal to develop a Connected Mobility Strategy arose out of conversations with Transport for the North partners. These highlighted several issues that served to slow down progress with the implementation of connected mobility, including:

- A lack of capacity and capability within individual partners to take forward initiatives at the local level;
- A lack of experience within individual partners on the development of specific proposals, including a lack of knowledge of legislative and regulatory frameworks; and
- A lack of capacity and experience when it comes to procurement and delivery of proposal.

3.2 These issues do not affect all Transport for the North partners equally, with the larger Mayoral Combined Authorities (MCAs) better placed to take forward work to deliver connected mobility than others.

3.3 Based on these discussions there was clear support for Transport for the North to support its partners by developing the Connected Mobility Strategy with a view to:

- Providing technical support for those partners seeking to develop and implement proposals that deliver connected mobility; and
- Sharing accumulated knowledge and experience from proposals introduced in the North to the benefit of subsequent proposals.

In this way Transport for the North's role complements initiatives being taken forward by individual partners in a way that ensures learning is shared more widely. Such a role is consistent with the desire of DfT for Sub-National

Transport bodies (STBs) to play an active role in reducing duplication of effort (and thereby accelerating implementation of proposals and reducing the incidence of avoidable costs being incurred).

3.4 In this role Transport for the North can of course draw on its experience derived from the Integrated Smart Ticketing programme, in particular the knowledge associated with specification and procurement of systems.

3.5 Transport for the North's role supporting the work of its partners in this space is particularly helpful when it comes to considering the needs of public transport services that operate across authority boundaries.

3.6 Transport for the North secured 'in-year' funding from the DfT in autumn 2021 to support its work in this space, with that activity being delivered in the current financial year.

4. Connected Mobility Hub Pilot & Hub Plus

Connected Mobility Hub Pilot

4.1 A key area of ongoing work surrounds the development and delivery of a Connected Mobility Hub pilot, funded by the 'in-year' funding. The aim of the hub is to provide additional support and capacity to partner authorities across shared thematic areas – such as smart ticketing and better information provision.

4.2 This approach – that of centring Transport for the North activity around supporting authorities in achieving their ambitions - has been well received by partners across the region.

4.3 The pilot is engaging and supporting authorities as both a knowledge hub and repository of shared experiences but also in providing additional injections of resource capacity from Transport for the North. This approach results in the authority receiving support and the experience gained being accumulated within Transport for the North for sharing with other partners.

4.4 The pilot for the hub is specifically targeted across supporting authorities to help them realise ambitions around:

- The development and delivery of multi-operator ticketing;
- Fares simplification and reform; and
- Preparing for contactless capping.

4.5 These are the areas, linked with published Bus Service Improvement Plans, which are shared across regions and are areas at risk of duplicated effort and cost in their realisation.

4.6 In practice this will see a repository of boilerplate agreements, guidance and models developed from practical delivery across areas that can then be scaled and shared to expedite similar delivery in other regions.

Connected Mobility Hub Plus

4.7 As the pilot has been developed and engagement undertaken across authorities a further niche for support has emerged primarily with authorities outside the metropolitan areas or rural orientated authorities.

4.8 These authorities often carry the same ambitions, albeit with broader connectivity challenges given distances and limited infrastructure, as larger authorities but often have less access to funding and human resources through which to deliver them.

4.9 This has created a space where collective delivery across these authorities – with support from Transport for the North - would potentially provide an opportunity to help pool ambitions into more collaborative investment.

4.10 This has emerged as an area of work referred to as 'Connected Mobility Hub Plus' wherein a business case for collective investment has begun to emerge across member areas.

4.11 Engagement has commenced around collective approaches to maximising the impact of rural mobility funding, or Bus Service Improvement Plan funds, where there is a common aspiration for digital demand responsive travel (usually minibuses on demand).

4.12 Similarly, there is an appetite amongst Transport for the North partners for developing collective modelling tools into fares reform that can be used to uplift local capacity and decision making is also a key feature of these discussions.

4.13 At this stage, these discussions are in an early stage, albeit a suggested nominal figure was identified for a collective fund across these non-metropolitan authorities in the recent letter to the new Prime Minister, and this will continue to be worked through aligned with organisational aspirations as a regional centre of excellence.

5. Fares & Ticketing Reform

5.1 Across all modes there is a recurring intention to simplify and reform fare structures and systems alongside the means through which people pay for them.

5.2 From developing multi-modal systems through to the development of pay as you go ticketing there is a need to ensure these approaches work collaboratively and in the interest of passengers.

5.3 Initial engagement with the Great British Rail Transition team has set out a need to ensure local networks are integrated with rail fare reform – noting particular relevance for areas with established multi-modal schemes and existing and understood zones.

5.4 The continued advocacy for Pay as You GO (PAYGO) on Rail to be delivered in the North as soon as possible continues to be made and should continue to be advanced. This is alongside ensuring clarity for members as to the direction of travel for pay as you go on bus; particularly how this will be realised, when and the implication for areas working towards franchised networks.

5.5 Transport for the North has repeatedly made the case that multi-modal integration of both the bus and heavy rail PAYGO approaches should be developed and deployed in the North and in alignment with existing multi-modal fare structures and zones to ensure relevance for passengers and avoiding introducing unnecessary complexity.

5.6 Transport for the North, in conjunction with and through the Rail North Partnership, is exploring a range of rail recovery pilots aligned to ticketing. These continue to be progressed collaboratively across the partnership and in alignment with ongoing fares activities being undertaken by the region's train operating companies.

5.7 These pilots being explored are:

- Better value fares;
- Developing a refreshed approach to flexible season tickets; and
- Encouraging group and leisure travel on the railway.

5.8 There have been productive discussions between the Department for Transport and train operating companies for these areas of consideration.

5.9 In its letter to the new Prime Minister, Transport for the North has set out a view that a subsidised fares freeze, to help support passengers travel during the cost-of-living crises, remains an objective.

5.10 Nonetheless many of these pilots are linked with ongoing areas of work across train operating companies and Transport for the North is keen to maximise and scale the strategic impact and passenger benefits of these under a broader objective of supporting rail and regional recovery post-pandemic.

6 Next Steps

6.1 Transport for the North will continue to work with its partners to take forward initiatives that are consistent with the proposal for a Connected Mobility Strategy. In this regard Transport for the North is already working with a small number of partners, and Board members are invited to identify any further opportunities where they think Transport for the North can add value by supporting local initiatives.

6.2 The work currently underway will inform the development of the draft Connected Mobility Strategy which is scheduled to the Board for its consideration in Q4 of the current financial year. The development of the Strategy will be a key part of Transport for the North's work to enable and encourage the growth in the public transport offer that is a fundamental component of the Strategic Transport Plan and Regional Decarbonisation Strategy. Transport for the North's recently published work on Transport Related Social Exclusion further emphasises the importance of this area of work for Transport for the North.

7. Corporate Considerations

Financial Implications

7.1 Transport for the North has limited budget it can bring to support these activities and many interventions could be considered. It is likely that there may be collective investment cases to be made; but Transport for the North will facilitate these in partnership with relevant local authorities.

Resource Implications

7.2 Transport for the North has 1 FTE post, a Connected Mobility Manager, out for recruitment at time of writing through which this area will be delivered. There is also ring-fenced funding of an Adviser position to support the Hub – the latter has not yet been filled.

Legal Implications

7.3 Where multiple authorities seek to work together there may be consideration of some of the statutory powers Transport for the North has alongside delivering ticketing schemes in collectively. This may not be needed as areas are exploring delivery through separate statutory processes (e.g Franchising or Enhanced Partnerships).

Risk Management and Key Issues

7.4 A key element of this area of work is bringing knowledge and expertise to support authorities. This may be hampered if Transport for the North does not have internal resource through which to provide this support or does not have within its headcount subject matter expertise that can add capacity viably to partners.

Environmental Implications

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

7.6 The area of work should help support reduced single-occupancy vehicles and support the modal shift objectives within Transport for the North's Decarbonisation Strategy and the wider decarbonisation agenda across the North.

Equality and Diversity

7.7 As these areas of work are progressed there will continue to be a need to ensure equality considerations are made throughout. This is particularly the case where digital systems are being introduced where these may not be accessible to individual with special educational needs, impairments or may not be able to access single language self-serve systems due to English not being a first language.

Consultations

7.8 None

8. Background Papers

8.1 None

9. Appendices

9.1 None

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

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

1. **Digital Demand Responsive Travel** – Usually app-based platforms where minibuses can be scheduled flexibly based on demand in contrast to fixed route timetabled buses.
2. **BSIP** – Bus Service Improvement plans set out in alignment with the National Bus Strategy
3. **TOC** – Train Operating Company
4. **PAYGO** – Pay as You Go Ticketing
5. **STB** – Sub-national Transport Body
6. **MCA** – Mayoral Combined Authority (e.g West Yorkshire Combined Authority).

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Meeting:	Transport for the North Board
Subject:	International Connectivity Policy Position
Author:	Lucy Jacques, Acting Head of Policy and Strategy and Peter Cole, Principal Environmental and Sustainability Officer.
Sponsor:	Tim Foster, Interim Strategy and Programme Director
Meeting Date:	Thursday 29th September 2022

1. Purpose of the Report:

1.1 This paper seeks Board approval to the International Connectivity Policy Position.

1.2 Once agreed by TfN Board this position will be embedded within the revised STP as well as used to shape future TfN workstreams and to influence Government policy by shaping future statutory advice.

2. Recommendations:

2.1 The Board is asked to agree the International Connectivity & Aviation Policy Position.

3. Main Issues:

3.1 TfN has a statutory duty to produce a Strategic Transport Plan on behalf of the North of England. The first Strategic Transport Plan was adopted by the TfN Board in Feb 2019. In September 2021, TfN Board agreed that TfN should commence work on a new programme of work to revise and update the Strategic Transport Plan (STP2) and seek adoption of the new plan no later than Spring 2024. The Board has now agreed the overall structure and principles behind STP2 and will agree the vision, objectives and structure of the STP in December 2022.

3.2 The adoption of the STP in 2019 was a major milestone for TfN and the STP continues to provide a powerful articulation of the North's vision and ambition to transform connectivity for the benefit of both people and business. The next STP will need to match the vision and ambition of the original Plan, but now incorporating the very significant development work undertaken since 2019 and with a recognition of the new context and challenges facing the transport network.

3.3 Our current Strategic Transport Plan (STP) sets out a high-level vision for international connectivity informed by TfN's Independent International Connectivity Commission Report (February 2017). Now, over five years after the original work was completed TfN has developed a policy position on international connectivity (appendix 1) as part of the development of our second Strategic Transport Plan for the North. This work has included consideration of aviation decarbonisation (appendix 2) in line with commitments made within TfN's Transport Decarbonisation Strategy.

4. Context – Economic Opportunity

4.1 The International Connectivity Commission (2017) identified the importance of North's aviation sector (£5.5bn to the North's GVA and the North's airports handled over 40m passengers in 2016). Furthermore, northern seaports contributed 20% of all GVA generated by UK ports in 2014.

4.2 The connectivity to international destinations for goods and people across the North can act as a wider catalyst for employment, regeneration and growth and enhancing the visitor economy valued at £12.3bn per annum.

4.3 Whilst the focus remains on growth, access to markets and surface access improvements, there are significant challenges and opportunities related to zero emission travel, the green economy and recovery of patronage post COVID-19 to consider. The next Strategic Transport Plan will need to balance economic, environmental considerations, and be credible in how we address the implications and opportunities of aviation and shipping growth.

4.4 Maximising the full potential of our ports and airports is essential to growing the economy of the North, and there are clear opportunities to rebalance growth across the UK, specifically:

a) Currently there is untapped spare capacity at Northern ports and airports for 60m additional passengers per year.
b) Only 39% of the Norths total exports are shipped from Northern ports/airports.
c) 4.1m business trips in/out of the North in 2017, forecast to reach 9m by 2050.
d) 17.5m tonnes of additional freight exports forecast by 2050.

4.5 Maximising the full potential of our ports and airports is essential to growing the economy of the North, and requires significant investment in surface access, including NPR, HS2, electrification into major ports and fully gauge cleared transpennine routes. There are also clear opportunities for the North to play a leading role in innovation and new technologies for freight.

5. International Connectivity & Aviation Policy Position

5.1 As a statutory Sub-national Transport Body, TfN's role is to set the overall transport vision, and to provide statutory advice on planning and priorities for large scale transport investment. Within this context, TfN recognises the importance of international connectivity in supporting a post-Pandemic recovery, whilst balancing this against the environmental impacts of international aviation.

5.2 The International Connectivity & Aviation Policy position has been developed with TfN partner officers, with input from Professor Piers Forster (Leeds) and Chris Paling (MMU) as independent advisory experts, and informal consultation with ports, airports and environmental organisations.

5.3 The policy position statement provides a review of current policy and emerging trends, to understand TfN's strategic priorities and actions within international connectivity and aviation. It builds on the 2017 work by Independent International Connectivity Commission for TfN.

5.4 The position focuses on the opportunities within aviation decarbonisation for the North, realising the potential of international gateways as economic hubs and delivering improvements for surface access to/from international gateways.

5.5 The position proposes TfN's role should be focused on coordinating and influencing national policy on international connectivity and supporting the work of partner authorities. Within this role, we will facilitate regular stakeholder roundtables, utilise our links with technical experts and academia and draw upon wider TfN workstreams to provide evidence-based recommendations within international connectivity and aviation.

6. TfN Aviation Decarbonisation Approach

6.1 There are a number of key drivers for TfN looking at aviation decarbonisation as part of this policy position, including a commitment within the TfN Transport Decarbonation Strategy (2021) to consider the decarbonisation of aviation, as well as robust feedback from environmental stakeholders, that some level of consideration of aviation emissions by TfN is warranted.

6.2 TfN's ambition is to position the North as a leader and centre of excellence in relation to the development and production of alternative fuels and low emission technologies; capitalising on the North's proximity to multiple sources of renewable energy and potential waste industrial fuel feedstocks, as well as our emerging strengths in the generation, storage and use of hydrogen.

6.3 The policy position also acknowledges the high level of risk associated with a predominantly technological approach to the decarbonisation of aviation, similar to that proposed within the Government's Jet Zero Strategy (2022), in terms of achieving the emissions reductions required. However, effective national and local approaches to managing demand can actually benefit the North - including boosting our regional tourism and regional business productivity, making the case for productive use of existing unused air capacity in the North, improving sustainable surface access to our airports and strengthening the case for investment in long distance rail as a credible alternative to domestic aviation.

6.4 Further to providing resilience to national decarbonisation efforts, managing demand can also help to reduce emissions in the short and medium term, reduce the significant non-CO_2 warming contribution from aviation and achieve co-benefits around improved air quality and reduced noise nuisance.

6.5 Three high level approaches to aviation decarbonisation were discussed with TfN's Partnership Board in July, to gauge the level of support for developing a position that went beyond current national policy in this area, and in particular whether partners were supportive of Government developing a nationally led strategy for managing aviation demand.

a) The first option 'Jet Zero Aligned' was the least ambitious in terms of pace of emissions reductions.
b) The second option 'Going Beyond', built on the first but included support for national demand growth being capped to 25% by 2050 and utilizing this to strengthen the investment case for long distance rail as a credible alternative to domestic aviation.
c) The third option 'Faster Further', again built on option 2 by including support for national government to impose a national moratorium on runway expansion, as a key pillar within a strategy to manage national demand. This option was the most closely aligned with the Climate Change Committee's recommendations within the 6th Carbon Budget.

None of these options proposed any unilateral regional action in terms of managing demand as this would likely have a disproportionate effect on our regional economy and communities and would also be less effective in reducing aviation emissions due to increased potential of 'leakage' to other regions.

6.6 Feedback from Partnership Board indicated support for an ambitious approach to aviation decarbonisation which could also still create the right conditions for rebalancing economic growth towards the North.

Importantly, for both Option 2 and Option 3, the focus on rebalancing economic growth towards the North is maintained through the position being supportive of productive use being made of existing unused runway capacity at northern Airports, albeit in the context of a national cap of 25% demand growth.

6.7 TfN are therefore proposing to incorporate the 'Faster Further' approach to aviation decarbonisation within this policy position. The approach also supports opportunities to:

a) Take the lead on innovation in alternative fuels and zero emission technology.
b) Boost regional domestic tourism.

c) Establish a pan Northern programme to offset aviation emissions.
d) Change attitudes to travel choices through participation in a national public awareness campaign.
e) Enhance sustainable surface access to airports via public transport – including investment in HS2 and NPR.
f) Encourage the decarbonisation of air-side equipment.
g) Ensure our network of northern airports are able to serve all of the North's diverse communities.

6.8 Emissions from both domestic and international shipping constituted about 3% of total UK emissions in 2019. This is around the same amount that are emitted by our buses on a national basis, however, shipping has been on a downward emissions trajectory for the last decade, whilst aviation emissions have steeply risen. Regional breakdowns of shipping emissions are also not readily available at the point of writing – and for those reasons we have focused our attention at this point on aviation emissions.

7. Corporate Considerations

Financial Implications

7.1 No direct financial implications of these recommendations beyond resource implications noted below. However, TfN's ability to undertake this work in full will be subject to its 2022/23 funding allocation and the 2022/23 business planning process.

Resource Implications

7.2 There are potential human resource implications associated with the preparation of STP2, namely ensuring adequate resources within TfN to prepare the plan as per our agreed timeline. These have already been fully considered and will align to TfN's overall financial position post-CSR and the outcomes of the business and budget planning process for FY2022/23.

Legal Implications

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

Risk Management and Key Issues

7.4 This paper does not require a risk assessment. TfN's Corporate Risk Register includes risks associated to the continual embedment of the 2019 Strategic Transport Plan (STP). TfN will undertake a risk assessment during the development of the new STP.

Environmental Implications

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

The International Connectivity and Aviation Policy position delivers on commitments made within TfN's Decarbonisation Strategy to consider aviation emissions and how they might be reduced.

Equality and Diversity

7.6 To accompany the revised STP we will also be undertaking an Equality Impact Assessment as part of the wider Integrated Sustainability Appraisal (ISA).

TfN's Transport Related Social Exclusion workstream will allow TfN and its partners to better understand the distribution and causes of TRSE in the North and will form an important part of the evidence base for the revised STP.

Consultations

7.7 A consultation is not required at this time; the statutory consultation planned for the revised STP in Summer 2023 will be undertaken in due course.

8. Appendices

8.1 Appendix 1 – TfN International Connectivity & Aviation Policy Position
Appendix 2 – TfN Aviation Approach

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

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

a) TPE TransPennine Express
b) NPR Northern Powerhouse Rail
c) NTC Northern Transport Charter

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TfN International Connectivity and Aviation Policy Position Statement

September 2022



TRANSPORT FOR THE NORTH

Table of Contents

1 Introduction 3
2 International connectivity in the North of England 4
3 Literature Review 5
4 Key themes 6
4.1 The impact of Covid-19 on domestic and international connectivity 6
4.2 Decarbonising transport 7
4.3 Optimising the opportunities from the green economy 9
4.4 Surface access to airports and ports 10
4.5 Increasing competitiveness 12
4.6 Supporting cohesion 13
5 Links to other workstreams 14
6 TfN's position on international connectivity 15
6.1 Aviation decarbonisation 15
6.2 International gateways as economic hubs 18
6.3 Surface access to/from international gateways 19
7 TfN's suggested role in relation to international connectivity 20
7.1 Coordination and influencing: 20
7.2 Providing evidence-based recommendations: 21
7.3 Supporting TfN workstreams 21
8 Proposed next steps 23

1 Introduction

Transport for the North (TfN) is a Statutory Transport Body (STB) of elected leaders and a partnership of business leaders who collectively represent the region's 15 million people. As a partnership, TfN brings 20 Local Transport Authorities and 11 Local Enterprise Partnerships together with Network Rail, National Highways, HS2 Ltd, and UK Government.

Through its statutory powers, TfN provides a single voice for the North to support the development and implementation of transport strategies across the region, determining investment decisions and working with Government to enable northern priorities to be included within national priorities. Operating within this strategic position, TfN and its partners work collaboratively to identify the transport infrastructure and policy measures that are required to achieve the North's ambition. Our current Strategic Transport Plan (STP) (2019) is a formally adopted plan which outlines how strategic investment in transport could unlock inclusive and sustainable transformative economic growth across the North.

The STP is underpinned by a broad evidence base including TfN's Decarbonisation Strategy (November 2021) and a series of policy positions covering a range of topics. The Decarbonisation Strategy defines four plausible baseline emissions trajectories based on our Future Travel Scenarios and assesses the gap between each trajectory and TfN's Decarbonisation Trajectory. Within the strategy, we stated we would work with partners and an independent expert advisory group to:

- Agree TfN's role in relation to aviation and airports.
- Investigate where national policy could be strengthened.
- Identify potential actions that could be taken at a regional and local level to further reduce emissions from aviation and airports, additional to what has been proposed by government within its Jet Zero Strategy.

Within this policy position, we will address the above objectives, linking to our proposed approach for aviation decarbonisation, provided in Appendix A.

TfN's previous policy development within international connectivity and aviation culminated in the publication of TfN's Independent International Connectivity Commission Report (February, 2017). The report considered the economic importance of international connectivity to transform economic performance in the North and close the productivity gap with other parts of the UK. This included assessing the economic importance of the North's airports and ports and opportunities to encourage economic growth and productivity at these international gateways.

Since the publication of this report, the landscape has shifted significantly with greater focus on decarbonisation and Net Zero, creating challenges to support growth ambitions around international connectivity. This policy position aims to revaluate TfN's position for international connectivity, particularly in the context of aviation both internationally and domestically, but also how other transport modes can support TfN's ambitions for the North. This includes considering international connectivity for the North's ports and how this position can support

the objectives set out in TfN's Freight and Logistics Strategy (2022), to identify potential interventions and policy solutions that will best support economic growth and decarbonisation around the North's international gateways.

For the purposes of this policy statement, **international connectivity** has been defined as **"moving people and goods effectively and efficiently between desired origins and destinations internationally."** As part of this policy position, domestic aviation is also included.

This position statement will then be embedded within TfN's revised Strategic Transport Plan and its subsequent evidence base which we plan to adopt by December 2023.

2 International connectivity in the North of England

TfN's Independent International Connectivity Commission Report (February, 2017) identified the importance of international connectivity for the North, with the North's airports handling 40 million air passengers in 2016 and contributing £5.5bn to the North's GVA, whilst Northern sea ports contributing 20% of all GVA generated by UK ports in 2014.[1] More recent figures since this report demonstrate the continued importance of international connectivity. Visit Britain figures show that in 2019, there were 3.99 million visits to the North by international visitors, with a total expenditure of £1.99 billion[2]. However, this context has evolved further following the impacts of the Covid-19 pandemic and Brexit, as well as the shift towards Net Zero and decarbonisation.

The original report did not detail the challenges of increased aviation emissions associated with the growth in international connectivity, as well as the innovative technologies that are constantly evolving to overcome these challenges. This policy position serves to update TfN's position on international connectivity and aviation, particularly on decarbonisation, building on the work within TfN's Decarbonisation Strategy. The North contains various airports and ports varying in scale and operations. Several major airports and ports as listed in the Independent International Connectivity report[3] are shown in the table below. The report highlighted that if global connectivity is supported, the latent capacity at the North's key airports and ports can deliver an additional 60 million passengers per annum. This was based on current airport masterplans and Department for Transport (DfT) assessments, as of February 2017.

Airports in the North serve a range of destinations both domestically and internationally, with Manchester Airport being the busiest outside of London based on passenger numbers. Manchester is well connected by low-cost carriers

[1] Independent International Connectivity Commissions Report, February 2017, https://transportforthenorth.com/wp-content/uploads/International-Connectivity-Report_websafe.pdf

[2] Visit Britain, Inbound nation, region, county data. Inbound nation, region, county data | VisitBritain

[3] Independent International Connectivity Commissions Report, February 2017, https://transportforthenorth.com/wp-content/uploads/International-Connectivity-Report_websafe.pdf

serving Europe, as well as various long haul operators serving locations including America, the Middle East and Asia. Low-cost operators also operate services to Europe from airports such as Newcastle, Liverpool, Leeds Bradford and Doncaster Sheffield.

Other airports in the North include Humberside and Durham Tees Valley, both of which support European connectivity. Several of the North's airports also provide domestic connectivity such as to Belfast, London and the South West, as well as to service offshore energy infrastructure in both the North Sea and Irish Sea.

The North also hosts several key ports for freight and passengers on both the East and West coasts of the UK. Hull, Humberside and Tees/Hartlepool provide direct connectivity to Western Europe and beyond. Further expansion at Liverpool can now accommodate larger post-Panamax vessels increasing freight volumes, whilst also maintaining connectivity with Northern Ireland, the Republic of Ireland and the Isle of Man. A summary of Northern airport and ports by is provided below:

Airports (and total passenger numbers 2019[4])	**Ports (and total cargo tonnage 2020[5])**
Manchester – 29.3m	Grimsby and Immingham – 51.2m
Newcastle – 5.2m	Liverpool – 34.3m
Liverpool – 5.1m	Tees and Hartlepool – 28.2m
Leeds Bradford – 4.0m	Hull – 9.2m
Doncaster Sheffield – 1.3m	Port of Tyne – 4.7m
Humberside – 206,000	
Durham Tees Valley – 145,000	

Within TfN's Independent International Connectivity Commission Report (February, 2017) we examined the economic role of international connectivity for the North of England. The report included an assessment of the role of the North's airports and ports in providing global connectivity for passengers and freight and the actions that are required to improve international connectivity in supporting the North's business and visitor economy. It also identified the potential role of the public and private sectors in delivering the key drivers for international connectivity. This policy position will build on this assessment and provide an updated position for TfN within international connectivity and aviation.

3 Literature Review

To inform this position statement, a literature review has been undertaken of current national policy and wider supporting documentation which is focused on or linked to international connectivity. This has provided TfN a greater understanding of the current context in which the position statement should be

[4] CAA, 2019, Annual airport data, Annual airport data 2020 | Civil Aviation Authority (caa.co.uk)
[5] DfT, 2022, Sea passenger statistics: data tables (SPAS), Sea passenger statistics: data tables (SPAS) - GOV.UK (www.gov.uk)

developed. A full list of the documents contained within the literature review is provided in Appendix A.

4 Key themes

The context in which the position statement has been developed has been summarised under the following key themes.

4.1 The impact of Covid-19 on domestic and international connectivity

Following the enforced Covid-19 restrictions since 2020, the UK Government has moved to reopen the air industry and worked towards overcoming the impacts of the pandemic on the sector. The Civil Aviation Authority's most recent flight data from Q4 of 2021, covering October to December 2021, shows a total of 30.9 million passengers flew in and out of the UK.[6] Those statistics represent a steady recovery for the sector with flight and passenger numbers at the highest levels since Q1 of 2021. However, those statistics also show a 55% decline in passenger numbers compared with the same period in 2019, before the pandemic. Furthermore, the UK is now the 4th largest aviation market in Europe, compared to being the largest market prior to the pandemic[7].

The International Air Transport Association (IATA) estimate that Covid-19 will cause a long-term loss of 2 years growth, with 2022 levels of global passengers projected to be 88% of 2019 figures, and 2023 levels projected to be 105% of 2019 figures[8]. However, despite the impact of Covid-19, the number of global air passengers and volume of cargo is expected to increase significantly over the next 30 years[9].

The pandemic also impacted ports, with over half of global respondents within the IAPH-WPSP Port Economic Impact Barometer report[10] highlighting an initial reduction in container vessel calls by more than 5%. However, the report noted a strong recovery for the sector by May 2021, with 15% of respondents even noting increases in cargo vessel calls compared to pre-pandemic figures.

As TfN, we support the North's international connectivity and understand its continued importance in the context of a post-pandemic recovery. We also recognise the importance of the role of domestic aviation in the UK, particularly in providing connectivity between places that are not directly accessible via rail. As part of the post-pandemic recovery, we must remain proactive to future challenges for these sectors posed by COVID-19 variants which may impact recovery or influence seasonal travel demand.

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[6] House of Commons Transport Committee, UK aviation: reform for take off, April 2022, https://committees.parliament.uk/publications/21967/documents/163200/default/

[7] House of Commons Transport Committee, 17 November 2021, Committees - UK Parliament

[8] Pearce, B., IATA, Covid 19 – An almost full recovery of air travel in prospect, 26 May 2021, PowerPoint Presentation (iata.org)

[9] Department for Transport, COP26 declaration: International Aviation Climate Ambition Coalition, 10 November 2021, COP 26 declaration: International Aviation Climate Ambition Coalition - GOV.UK (www.gov.uk)

[10] Notteboom, T and Pallis, IAPH-WPSP Port Economic Barometer One Year Report, 2021. https://sustainableworldports.org/wp-content/uploads/IAPH-WPSP-Port-Economic-Impact-Barometer-20-21-View.pdf

4.2 Decarbonising transport

TfN's Decarbonisation Strategy published in December 2021, outlines the tools, capability and evidence required that will help shape the North's pathway to near net zero emissions. The strategy has been produced by TfN in collaboration with our partners across the North, with the ambition for the North to travel faster and further than national policy and maximise the clean growth opportunities that decarbonisation can provide for our region.

TfN's Decarbonisation Strategy and Trajectory identifies 11% of the UK's total emissions in 2019 were from aviation and shipping (compared to 22% from surface transport sources). In total, 8% of the UK's total emissions were from aviation, of which 96% was international aviation. The North represented 11% of the UK's total aviation emissions in 2020, with 3% of the North's aviation emissions from domestic aviation and the remaining 97% from international aviation.[11]

As part of the Paris Agreement, the UK Government has committed to supporting the goal to limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels. This was further emphasised within the Glasgow Climate Pact which placed more focus on aiming for 1.5°C, recognising that the impacts of climate change will be much lower at the temperature increase of 1.5 °C compared with 2°C.

As a result of COP26, the International Aviation Climate Ambition Coalition (IACAC) remains committed to working together to reduce aviation CO_2 emissions in line with the aim of limiting the global average temperature increase (to 1.5°C). The commitment included promoting the development and deployment of sustainable aviation fuels and promoting new, innovative low and zero-carbon aircraft technologies that reduce aviation CO_2 emissions.

In 2020, the UK aviation industry was the first national aviation sector in the world to commit to net zero by 2050, with a decarbonisation road map now in place[12]. This was followed in June 2021, by the UK Sustainable Aviation coalition (a grouping of over 90% of UK airlines, airports, air navigation service providers and aerospace manufacturers) committing to a net zero future for UK aviation with interim decarbonisation targets to net zero aviation by 2050. These include a 2030 interim target of at least 15% reduction in net UK aviation emissions, rising to 40% by 2040. It should be noted that the roadmap relies on a substantial element of aviation funded carbon removals.

Further decarbonisation targets are set out in the Climate Change Committee's 'The Sixth Carbon Budget – the UK's Path to Net Zero,' which has a sector

[11] Department for Transport, Jet Zero: Our Strategy for net zero aviation, 14 July 2021, Jet zero: our strategy for net zero aviation - GOV.UK (www.gov.uk)

[12] Sustainable Aviation, Decarbonisation Road-Map: A Path to Net Zero, 2020, https://www.sustainableaviation.co.uk/wp-content/uploads/2020/02/SustainableAviation_CarbonReport_20200203.pdf

specific summary on aviation.[13] The report sets out recommendations including a commitment to a net zero goal for UK aviation, with UK international aviation reaching net zero emissions by 2050 at the latest and domestic aviation by 2040. It also sets out that residual emissions should be offset by verifiable greenhouse gas removals and there should be no net expansion of UK airport capacity unless the sector is set to sufficiently outperform its net emissions trajectory.

To achieve this, DfT's Transport Decarbonisation Plan[14] outlines the ambitions to decarbonise transport sector operations with commitments including domestic aviation to be net zero by 2040, the requirement for international aviation to be offset to non-transport sectors, and the launch of the UK Emissions Trading Scheme (ETS), replacing the UK's membership of EU ETS. As part of the plan, DfT have published the Jet Zero Strategy[15] where the focus is for aviation decarbonisation, which will be delivered by:

- Improving the efficiency of the aviation system.
- Accelerating the deployment of sustainable aviation fuels.
- Supporting the development of zero emissions aircraft with UK routes operating zero emission aircrafts by 2030.
- Ensuring markets drive down emissions in the most cost-effective way.
- Working to influence the behaviour of consumers through encouraging the use of the most sustainable routes and travel providers.

The Jet Zero Council[16] (a partnership between industry and government) has been formed to collaborate on the significant challenges for aviation decarbonisation and to identify the different options to overcome these challenges. The Jet Zero Council has outlined the focus of delivering net zero and zero emission technologies are through developing and industrialising zero emission aviation and aerospace technology, utilising UK production facilities for sustainable aviation fuels (SAF) including Immingham and Ellesmere Port in the North, and commercialising the industry by driving down production costs.

A key focus also remains to develop a coordinated approach to the policy and regulatory framework needed to deliver net zero aviation by 2050 through the above interventions. As part of the Jet Zero Strategy, fiver year delivery plans will be published to set out the actions needed toa chieve net zero by 2050 and monitor the effectiveness and progress of the strategy, whilst also accounting for wider environmental, economic and social changes both nationally and globally.

Additional focus on hydrogen aircraft can also support the shift to decarbonisation, as outlined in the recommendations of Aerospace Technology

[13] Climate Change Committee, The Sixth Carbon Budget – Aviation, December 2020, https://www.theccc.org.uk/wp-content/uploads/2020/12/Sector-summary-Aviation.pdf
[14] Department for Transport, A Better, Cleaner Britain, 14 July 2021, Transport decarbonisation plan - GOV.UK (www.gov.uk)
[15] Department for Transport, Jet Zero strategy: delivering net zero aviation by 2050, 19 July 2022, Jet Zero strategy: delivering net zero aviation by 2050 - GOV.UK (www.gov.uk)
[16] Jet Zero Council (JZC), Jet Zero Council - GOV.UK (www.gov.uk)

Institute's FlyZero[17] programme. The programme illustrates the pathway to create the enabling environment for zero carbon emissions aviation via hydrogen aircraft by the mid-2030s.

It is also important to acknowledge the additional non-carbon warming effects of aviation (contrails) and through further collaboration with our partners it remains vital to limit these with CCC recommendations for no non-CO2 growth after 2050.

Building on the opportunities of technology within aviation decarbonisation, several of the North's airports are committing to net zero emissions. This includes both Manchester Airport and Newcastle International committing to Net Zero airport operations (excluding flights), by 2038 and 2035 respectively.

In 2019, emissions from shipping (both domestic and international) accounted for about 3% of the UK's total emissions. To put this in context, this is approximately the same as that emitted from the entire UK bus fleet, although still significantly less than the 8% of emissions derived from aviation. Additionally, emissions from shipping have been reducing over the last decade, in contrast to aviation emissions which have shown a sharp increase. These relative emissions trends, along with the difficulty of defining regional breakdowns of emissions from shipping, from currently available sources has led to a focus predominantly on aviation emissions within this policy position. TfN is, however, still committed to considering regional shipping emissions within our future carbon baselines when updating our Decarbonisation Strategy.

The UK Government's Clean Maritime Plan[18] sets out the ambition for the UK to become a global leader in the maritime sectors and specifically that by 2050 zero emission ships will be commonplace. There are several types of technology which the plan identifies as having the potential to support zero-emission maritime including electrification and alternative fuels. The report highlights that it is expected that alternative fuels will play the largest role in decarbonising maritime.

4.3 Optimising the opportunities from the green economy

The Government's Ten Point Plan for Green Revolution[19] made it clear that now is the time to build back better and align economic recovery with environmental commitments. The UK Infrastructure Bank has been set up with £22bn of financial capacity to help tackle climate change.

In terms of international connectivity, the UK Government has set out that alternative fuels have a role to play in delivering a decarbonised transport sector. This includes the use of SAF as mentioned in the previous section, which will require the industrialisation of infrastructure including for production and

[17] ATI FlyZero Programme, https://www.ati.org.uk/flyzero-reports/
[18] Department for Transport, Clean Maritime Plan, July 2019 - Clean Maritime Plan (publishing.service.gov.uk)
[19] HM Government, The Ten Point Plan for a Green Industrial Revolution, November 2020, The Ten Point Plan for a Green Industrial Revolution (publishing.service.gov.uk)

refuelling, as well as increased commercialisation for the aviation sector to competitively utilise SAF. This forms the primary focus of the aviation sector to transition to more sustainable fuels in the short to medium term.

There are also opportunities for hydrogen technology as outlined in the FlyZero Programme to drive the development and commercialisation of hydrogen-based aircraft. The UK Government's Hydrogen Strategy[20] builds on this progress within aviation, providing £15m (for 2021) for the 'Green Fuels, Green Skies' competition to support the production of first-of-a-kind SAF plants in the UK. To meet this requirement, the generation and storage of fuel would need to be part of a wider network. There are also opportunities for maritime technology, with UK Government's Hydrogen Strategy[21] committing up to £20m (for 2021), for the Clean Maritime Demonstration Competition to accelerate the design and development of zero emission marine vessels in the UK. The Clean Maritime Plan[22] highlights several locations in the North of England as potential hotspots in the UK for clean maritime fuel generation, storage or distribution.

As TfN, our Decarbonisation Strategy[23] sets out two specific commitments on hydrogen. The first is to undertake a pan-North study on hydrogen refuelling, initially focused on HGVs but with the view to expand this to rail, aviation and shipping. The second commitment is, as part of that study, to engage with partners and Government to develop hydrogen infrastructure across the North, with one aspect of focus being on the potential for airports for both the generation and storage of hydrogen and hydrogen derived fuels. This builds on the work of the FlyZero Programme to accelerate zero carbon emission air travel, which several stakeholders in the North were directly involved with. Additionally, TfN's Electric Vehicle (EV) Charging Infrastructure Framework provides greater opportunity in supporting sustainable fuel sources as it sets out the ambition for an effective and integrated EV network across the North, which can connect key economic clusters such as at airports and ports within the proposed EV network.

Furthermore, public attitude is changing in relation to aviation and the environment. The Civil Aviation Authority's Consumer Survey (Autumn, 2021)[24] highlights that 40% of respondents think about the impact of flying on the environment when deciding to travel by air. This has increased since pre-pandemic levels and almost doubled in the last five years. The survey also finds that business travel is falling as the uptake of online connectivity increases since the initial surge because of the pandemic.

4.4 Surface access to airports and ports

[20] HM Government, UK Hydrogen Strategy, August 2021, UK Hydrogen Strategy (publishing.service.gov.uk)
[21] HM Government, UK Hydrogen Strategy, August 2021, UK Hydrogen Strategy (publishing.service.gov.uk)
[22] Department for Transport, Clean Maritime Plan, July 2019 - Clean Maritime Plan (publishing.service.gov.uk)

[24] CAA Consumer Survey Wave 10 Full Report (Autumn, 2021) Title (caa.co.uk)

The UK Government's Aviation Policy Framework[25] stresses the importance of surface access for airports, outlining how all proposals for airport development must be supported by surface access proposals which will ensure passengers can readily access efficient and reliable services that increase the use of public transport, minimise congestion and reduce impacts on the local transport network. It also sets out that the general position for existing airports is that developers should pay the costs of upgrading or enhancing road, rail or other transport networks or services, where there is a need to cope with additional passengers travelling to and from expanded airports.

Further to this, airports with good public transport links see a greater proportion of passengers choosing to use trains, light rail, coaches and buses in preference to cars[26]. An Atkins Last Mile Study undertaken for DfT[27] identified that connectivity was cited by stakeholders as a constraint to growth, not just impacting airport users but airport staff too. Consequently, the North's airports have developed surface access strategies which set requirements and interventions in line with this policy requirement. In terms of surface access to ports, the Government's Port Connectivity Review[28] looked at the wider UK freight and transport policy picture and its specific impact on ports. It detailed seven recommendations, which included ensuring that the needs of ports are captured in future transport investment decisions.

The UK Government's Northern Powerhouse Agenda – One North[29], recognises that the promotion of international connectivity relies on strong surface access connectivity from across the region, and it sets out plans to better connect Manchester airport to neighbouring cities by rail through HS2 and Northern Powerhouse Rail (NPR). This remains critical for the North and should be considered as the IRP is delivered. In addition to this, the airports and ports in the North have their own masterplans and/or strategic visions which encompass surface access, which would need to be considered when identifying surface access interventions.

The road network remains central in providing direct connectivity to the North's key international gateways for both passengers and freight. TfN recognises the importance in ensuring the network supports the move to zero or low emission vehicles, as well as more efficient use of vehicles and road space through shared mobility and autonomous vehicle technologies.[30] The road network is a flexible asset which can adapt new and more efficient means of transport, which will

[25] Secretary of State for Transport, Aviation Policy Framework, March 2013, Aviation Policy Framework (publishing.service.gov.uk)
[26] House of Commons Transport Committee, Surface transport to airports, February 2016, https://publications.parliament.uk/pa/cm201516/cmselect/cmtrans/516/516.pdf
[27] Highways England, International gateways and the strategic road network, November 2016, SEGP - Underpinning Report - International gateways and the SRN.pdf (publishing.service.gov.uk)
[28] Department for Transport, Ports Connectivity Review, 2017, Transport infrastructure for our global future: a study of England's port connectivity (publishing.service.gov.uk)
[29] Department for Transport/Transport for the North, The Northern Powerhouse: One Agenda, One Economy, One North, March 2015 The Northern Powerhouse: One Agenda, One Economy, One North
[30] Transport for the North, Draft Major Roads Report, 2021

provide a better end-to-end customer experience and respond to societal, environmental and technological challenges and opportunities.

For TfN, we recognise the need for an increased focus on surface access becoming zero emission. An objective of TfN's Strategic Transport Plan is improving access to transport across all communities as doing so has the potential to make low carbon surface access more accessible and efficient for access to airports and ports across the North.

4.5 Increasing competitiveness

International connectivity is a key driver for economic growth in the UK and for the North, creating jobs and driving productivity for the region. Therefore, it remains vital that the North's aviation and maritime sector is competitive with the wider UK and remains attractive to passengers and businesses. In 2018, aviation contributed £22 billion to the UK economy[31] whilst air freight and its supporting businesses contributed £7.2 billion[32]. TfN's International Connectivity Report (February, 2017) identified that international passenger connectivity contributed £5.5bn towards the North's GVA.

In 2021, aviation was estimated to have provided over 536,000 jobs and 4,500 businesses, with 86,000 jobs in the North West alone.[33] With the shift towards decarbonisation, many of these jobs will need to transition to green jobs and therefore it remains vital that investment in skills and technology in the green economy and decarbonising international connectivity is realised for the North. There are also wider benefits for the North in ensuring connectivity to neighbouring international gateways and employment sites outside of the region such as Holyhead port, Hawarden Airport and East Midlands Airport, with key movements serving these areas regularly using the North's transport infrastructure.

Freeports present one opportunity to increase competitiveness and drive productivity in areas nearby to ports, airports and rail hubs. These areas benefit from special regulations with the aim to boost investment, regenerate communities and enhance the local economies. Of the new eight new freeports[34] proposed by Government, three will be located in the North of England at Humber, Liverpool and Teesside. Regulatory benefits for businesses within freeports include tax, customs and planning. Local councils will also benefit from 100% business rates retention, which they can use to invest in the surrounding infrastructure to support future growth in and around the sites.

For freeports, we believe in a transition to attract new activity rather than relocating activity from other areas, whilst supporting higher-skilled jobs. This builds on the TfN Freight and Logistics Strategy which recognises the tax and customs benefits freeport status will provide for several ports in the North, as well as the potential to both produce and use green fuels in these locations for

[31] Economic Benefits from Air Transport in the UK, Oxford Economics, 2018
[32] Assessment of the value of air freight services to the UK economy, *Airlines UK*, 2018
[33] Aviation Jobs in Great Britain, Airlines UK, 2021
[34] Department for Levelling Up, Housing and Communities, Freeports Guidance, 2021

fuel intensive industry clusters. The importance of green fuels and new clean energy-specific clusters is also recognised within our Decarbonisation Strategy[35].

TfN recognise that by making it easier for businesses to access international markets and by encouraging outward and inward investment, we can facilitate economic growth, increase the number of jobs and businesses, and increase the competitiveness of the North. As part of this, we also recognise the importance of inland ports such as customs cleared logistics and rail freight terminals e.g. I-Port in South Yorkshire. These international gateways play a vital role in facilitating economic growth and boosting productivity and it remains essential that these sites are well-connected via strategic infrastructure to both domestic markets for imports into the UK and to the North's seaports and airports to access export markets abroad. The air freight market has also developed considerably over recent years. In 2021, a York Aviation study[36] (commissioned by Airlines UK) set out that for express operators, flying at night is fundamental to their business model and that the operation of passenger and carbon flights at UK airports directly generates £1.4 billion in GVA and 2,200 jobs. DfT's Night flight restrictions consultation[37] (now closed) recognised that aviation facilitates global trade with £95 billion of goods exported by air in 2018. This presents further opportunity for the North to capitalise on the economic opportunities for international connectivity as well as TfN's ambitions for air freight as outlined in the Freight and Logistics Strategy[38].

4.6 Supporting cohesion

DfT's recently commissioned Independent Union Connectivity Review[39] assesses the current transport connectivity within and between the UK to make recommendations to maximise economic potential and improve quality of life. It considers the quality and availability of transport and provides recommendations that seek to address inequalities in connectivity and economic potential across the UK, several of these recommendations are directly related to air connectivity. The review considers the impact of Covid-19 and Brexit and examines economic indicators to build a picture of the economic situation of the UK.

One of the key recommendations of the report is the possible development of a new UK Strategic Transport Network which would act as a UK equivalent of the Trans-European Network of Transport (TEN-T). It will account for many interdependencies including the development of freeports, the Integrated Rail Plan (IRP), the Regional Air Connectivity Review and Aviation Recovery Plan, the Williams-Shapps Rail Review and national transport strategies. Whilst the Union Connectivity Review is focused on domestic connectivity, its development will

[35] Transport for the North, Decarbonisation Strategy, December 2021
[36] York Aviation, The Economic Impact of Night Flying in the UK, 2021, The-Economic-Impact-of-Night-Flying-in-the-UK.pdf (airlinesuk.org)
[37] Department for Transport, Night flight restrictions, updated July 2021, Night flight restrictions - GOV.UK (www.gov.uk)
[38] Transport for the North, Freight and Logistics Strategy, https://transportforthenorth.com/freight-logistics/
[39] Department for Transport, Union Connectivity Review (Final Report), November 2021, Union Connectivity Review (publishing.service.gov.uk)

have implications for enhancing international connectivity and attracting further investment and increasing labour demands to support the recovery of the aviation industry post-pandemic.

Transport-related social exclusion is also relevant in the context of international travel, in terms of providing access to international gateways for the North's residents, as well as widening access to employment opportunities in the businesses surrounding airports and ports. This is especially important given the higher deprivation levels of some areas near to the North's airports and ports. The results of our Social Exclusion Research will further develop the evidence base in this area.[40]

TfN have an important role to play in supporting cohesion. As outlined in TfN's Long Term Rail Strategy,[41] we have a role to play in supporting rail to help people travel across the UK, but also in terms of connecting access to airports and ports in the North from Wales and Scotland.

5 Links to other workstreams

International connectivity links to several TfN's workstreams, the key strategies that need to be considered in line with this position statement are:

- **Decarbonisation Strategy**: Consideration of international and domestic aviation emissions within TfN's future baseline trajectories. The evidence base generated by our activities in this area can support future activity in this area.
- **Freight and Logistics**: TfN's Freight and Logistics Strategy highlights the importance of delivering port to port zero-carbon multimodal corridors which will require future collaboration between partners and as well as capitalising on opportunities relating to freeport status for several ports in the North. Ensuring there is suitable freight capacity via rail and road to the North's ports will support future global trade opportunities essential to the UK economy.
- **Visitor Economy and Transport in the North of England Research**: Identifies the importance of the domestic and international visitor economy market for the North of England, with the various tourism assets the North provides. As part of this, accessibility to international gateways is important for enabling future growth in the North's visitor economy, with the report identifying the importance of high-quality, integrated public transport links to enhance surface access and support decarbonisation ambitions.
- **TfN Strategic Rail**: TfN's existing Long Term Rail Strategy recognises the importance of international connectivity for the North and the existing gaps in the North's network where journey times and interchange requirements for access to the North's international gateways reduce the attractiveness of public transport. It also recognises that journey times and networking capacity reduce the attractiveness and competitiveness

[40] Transport for the North, New Northern Research project set to tackle link between transport and social exclusion, March 2021, Research project to tackle link between transport and social exclusion | News - Transport for the North

[41] Transport for the North, Long Term Rail Strategy, February 2018

for rail freight. For strategic rail, the ambition is to reduce journey times between the North's economic and freight centres, and between these centres and international gateways, which must form a key consideration as infrastructure for HS2 and the Integrated Rail Plan is delivered.

- Through the **Major Road Network (MRN)** Regional Evidence Base: With most passenger and freight travel via road, it is critical to ensure the MRN is well connected to the North's international gateways. TfN are promoting the delivery of several improvement schemes, including schemes that may support more efficient access to the North's airports and ports, as well as considering the first and last mile of journeys and how they can be sustainably integrated within key economic clusters.
- **Transport Related Social Exclusion (TRSE) Research**: For TRSE, it is important that new transport development linked to ports and airports should not exacerbate severance or increase car dependency, whilst ensuring sustainable accessibility to jobs for those living in areas surrounding ports and airports. Any impacts linked to ports and airports, particularly noise pollution, air pollution, and severance should also be mitigated.
- **Northern Powerhouse Independent Economic Review (NPIER):** Due to be refreshed in 2022, the NPIER sets out a transformational future for the North's economy by 2050 and will consider linkages to international connectivity through international trade.
- **TfN Monitoring and Evaluation Framework**: This will monitor several areas relevant to pan-Northern international connectivity policy, such as surface accessibility to airports and ports, CO2 emissions, international visitor numbers, and exports from northern ports and airports.

6 TfN's position on international connectivity

TfN's position for international connectivity and aviation has been developed in the context of the above key themes and related TfN workstreams. This includes our Freight and Logistics Strategy, Decarbonisation Strategy and our wider policy development work to support the refresh of the STP. As a result of this, we have identified, three key priorities in which we will focus our work across:

- Aviation decarbonisation.
- International gateways as economic hubs and as enablers of growth.
- Surface access to/from international gateways.

6.1 Aviation decarbonisation

TfN's agreed approach to aviation decarbonisation has been developed following the outcomes of our Decarbonisation Strategy (December, 2021), recognising the need to work with partners and an independent expert advisory group to identify potential actions to reduce emissions from aviation and airports. This has resulted in the development of our proposed approach for aviation decarbonisation, provided in Appendix A. A summary of our approach is contained in this section which will influence the recommended actions for TfN within international connectivity and aviation.

TfN are, in general, supportive of the Government's measures as set out in its Jet Zero strategy (July, 2022). We recognise there is an opportunity for the

North to be an early-mover in supporting aviation decarbonisation and to capitalise on the significant regional economic growth opportunities presented by:

- The development of zero emission aircraft.
- The production and commercialisation of sustainable aviation fuel.
- The production and use of liquified green hydrogen.
- Seamless connection of airports to low carbon surface transport choices.

Investment is needed quickly if these technologies are to contribute meaningful towards reaching net-zero aviation by 2050. TfN believe the North can play a key role in realising the opportunities, through the following:

- Capitalising on the North's proximity to sources of renewable energy and potential waste industrial fuel feedstocks.
- Capitalising on our international airports' extensive route networks and promoting a northern airport as a prime candidate for initial investment, from Government, to be a liquid hydrogen 'feeder' location.
- Developing a mature green hydrogen supply and distribution network in the North. Through early investment focused on supply a wider set of end uses (i.e. industrial demand and multimodal transport demand).
- Investing in low carbon surface transport connections to the region's airports.

As TfN, our ambition is to position the North as a leader and centre of excellence for the development of zero emission aircraft through working with partners, academia and local businesses. It is important the North explores zero emission aircraft research, design, production and trialling, with opportunities at Teesside to facilitate zero emission aircraft demonstration activity in collaboration with UK Government and the Tees Valley Hydrogen Hub.

We also aim to position the North as a leader in both SAF production and green hydrogen production, considering the most commercially viable options for the development of green hydrogen supply, distribution and dispense infrastructure across modes and sectors. As part of this, it is essential to build on current progress across the North such as Manchester Airport developing a new direct supply for SAF from Ellesmere Port, or Phillips 66's agreement to supply British Airways with SAF derived from the Humber region. Further investment in SAF infrastructure across the North will ensure that the infrastructure is in place for the North's regional airports to be 'Zero emission aircraft ready' and capitalise on the North's existing strengths within energy and technology, such as in aerospace manufacturing, offshore wind and electrolyser development.

Further to the opportunities in new technology relating to decarbonisation, TfN also recognises the high level of risk of not all technological options for aviation decarbonisation fully delivering the emissions reductions required, as well as the need for aviation to reduce its emissions in the short term (pre-2035), reducing the reliance on other sectors to absorb excess emissions above the allowance recommended by the CCC in their 6th Carbon Budget.

Managing demand can help to reduce emissions in the short and medium term and provide resilience should not all technological options fully deliver the emissions reductions needed. These measures additionally reduce the non-CO2 warming contribution from aviation (as yet unquantified but believed to be significant) and have co-benefits for local noise and air quality.

There are also strong benefits for the North in effective national and local approaches to managing demand, including boosting regional tourism and regional business productivity, as well as making the case for productive use of existing unused air capacity in the North and strengthening the case for NPR.

TfN therefore supports the adoption of voluntary soft incentives to manage demand at the same time as increasing business productivity and boosting local tourism, including:

- Measures that significantly increase the attractiveness of using lower carbon public transport modes, such as train and coach, both as an alternative to land based domestic flights and in improving surface access to airports.
- Encouraging businesses to prioritise video conferencing in preference of air travel where it enhances productivity.
- Promotion of the North's visitor attractions as an alternative to overseas holiday destinations.

Given TfN's focus on creating the right conditions for rebalancing economic growth towards the North, TfN supports the productive use of existing unused runway capacity at Northern Airports to cater for that growth, whilst also acknowledging that increases in aviation demand need to be accommodated within a national cap on demand growth of 25% by 2050 (consistent with the recommendations of the CCC within their 6th Carbon Budget).

In the context of the potential for the North's airports to accommodate significant additional demand through existing unused runway capacity, TfN also supports the adoption, by national government, of a moratorium on 'net'[42] national airport runway expansion[43], as an important part of a national strategy for managing demand. A moratorium on net national airport runway expansion is a robust way of achieving a secure upper limit on possible future emissions.

This should be supported by:

- Measures that significantly increase the attractiveness of using lower carbon public transport modes, such as train and coach, both as an alternative to land based domestic flights (strengthening the case for HS2 and NPR) and in improving sustainable surface access to airports.

[42] 'Net' in this context is taken to mean no overall increase in national airport capacity, although the re-allocation of both existing demand and future growth in demand (up to 25%) between regions would be allowed. Note that many airports currently have spare runway capacity where expansion is not needed.
[43] Support for a moratorium on net national airport runway expansion, does not extend to other airport works which may help make better use of currently unused existing airport runway capacity (e.g. works to terminal buildings).

- Encouraging the decarbonisation of air-side equipment.
- Measures that increase public awareness regarding emissions associated with flying in relation to other modes and other everyday activities e.g. contextualised emissions information at point of booking.
- Ensuring our network of northern airports are able serve all of the North's diverse communities, including the Pakistani, Indian, Bangladeshi, Chinese, African and Caribbean communities, so as to minimise the need for connections to their frequent destinations via other international hubs (e.g. Heathrow or Amsterdam).

Our recommendation is for supporting a national strategy on managing demand and not taking unilateral regional action as this would likely have a disproportionate effect on our regional economy and communities and would also be less effective in reducing aviation emissions due to increased potential of 'leakage' to other regions.

Finally, TfN supports the role that carbon offsetting can play in reaching net zero emissions for aviation. TfN recommends that Government, through CORSIA, should push airlines to utilise the highest quality of offsetting and removal schemes. Any offsetting should be considered in the context of the following key requirements:

- Offsetting schemes must negate emissions of atmospheric carbon produced through reduction or removal.
- Offsets must not cause environmental or social harm and ideally would deliver social and biodiversity co-benefits.
- Whilst nature-based offsets are important in the short to medium-term, offsetting strategies should transition to permanent carbon storage solutions in the longer term.
- A preference for offsetting northern emissions through northern offsetting schemes based in the North.

TfN will also encourage our regional airports and airlines operating flights from Northern airports, to promote schemes based in the North, such as reforestation and peat restoration projects (e.g. the Great Northern Forest, Great Northern Bog and Wild Ingleborough).

6.2 International gateways as economic hubs

As identified in TfN's Independent International Connectivity Commission Report (February, 2017), the North's international gateways are critical economic hubs which offer the opportunity to transform the economic performance of the North and close the productivity gap with other parts of the UK. For the North, it remains important to harness the potential of our international gateways as economic hubs, capitalising on growth in business infrastructure and jobs, whilst also considering the opportunities presented by Freeports at Teesside, Liverpool and Humberside. This builds on the evidence presented in our Freight and Logistics Strategy which strives to realise the ambitions of our Freeport sites in the North.

The North's freight market can capitalise on the overcrowded South Coast ports and encourage further freight growth in Northern ports on both the Eastern and Western coasts. This aligns with our vision to support further development of the North's ports as presented in our Freight and Logistics Strategy which makes the clear case to utilise the assets that exist in our region already, supporting the economic, environmental and social objectives of the North and our forthcoming Strategic Transport Plan.

Additional to the recommendations around aviation decarbonisation outlined above, we also encourage the take up of softer incentive led measures at a regional level which will support the North's economy. These measures are steered towards increasing business productivity and boosting local tourism as it is evident that there is an intrinsic link between international connectivity and supporting the wider Northern economy, particularly the visitor economy.

The North's visitor economy, prior to the pandemic, had a total net GVA impact of £12.33 billion[44] (pre-pandemic, 2019) and is recognised as a key contributor towards the North's economy. However, the North's visitor economy is more domestically oriented than England's, accounting for 25% of England's total tourism spend but only 14% of international visitors to England. TfN has a role to play through working with partners and relevant stakeholders to facilitate reliable, competitively priced and zero carbon travel to support tourism. This can be achieved through promoting the North's visitor attractions as an alternative to overseas holiday destinations, and ensuring flexible, high-quality and low-carbon access for visitors. This also extends to business tourism (for example, conference delegates), international students and people visiting relatives and friends, all of which will support our international gateways to realise their potential as economic hubs in the North.

6.3 Surface access to/from international gateways

TfN recognises the importance of providing high-quality and efficient surface access to the North's airports and ports, allowing businesses access to international markets and linking economic clusters across the North. For TfN, it remains vital to prioritise the infrastructure that allows these gateways to be economically competitive whilst maintaining sustainable surface access through low carbon modes. We will continue to promote high quality and low carbon public transport connections to and from the region's airports.

Both TfN and Government recognise developers and operators of international gateways are required to pay the costs of upgrading or enhancing road, rail or other transport networks or services, where there is a need to cope with additional passengers and freight travelling to and from expanded gateways. However, we are supportive of strategic infrastructure priorities that may act as a catalyst for wider growth and recognise the role of TfN in supporting the case for investment in these areas. Examples of this include the wider impacts of HS2 at Manchester Airport and East-West rail freight clearance between Immingham and Liverpool.

[44] TfN, Atkins and the Leisure Consultancy, Visitor Economy and Transport in the North of England, July 2021

We recognise the importance of integrated multi-modal connectivity to allow seamless journeys, particularly for domestic trips within the UK. Future strategic infrastructure investment in nationally significant schemes such as HS2 and NPR are vital to enhance the UK's domestic connectivity and support low carbon travel. This will increase the attractiveness of rail travel for domestic travel within the UK. We also view the importance of policies that focus on improving the relative cost and convenience of land based public transport relative to the cost of flying, making these modes more attractive for domestic travel. Through realising this potential, the North and wider UK can also capitalise on existing high speed rail links via the Channel Tunnel. This will support an integrated and efficient high-speed network that will link the North via HS2 to mainland Europe, providing alternative connectivity in some instances to aviation for passengers and freight.

With a small number of exceptions, airports and ports are not the final destination for people or goods, making onward surface access an important priority. Many of the North's airports and ports are directly served by onward rail, light rail, tram or bus services which link gateways to city centres, distribution hubs and visitor hotspots. For airport passengers, and staff there are challenges around the discrepancy in demand patterns which are different to traditional peak periods. This is particularly relevant to rail connections, where engineering work is generally planned for overnight periods and on weekends.

There is also a need to consider transport options to and from international points of entry. Confusing ticketing arrangements, poor quality services, and insufficient information can act as a barrier to encouraging visitors to use public transport to access international gateways and can impact their experiences of travelling to the North. TfN has a role to play in supporting seamless and user-friendly ticketing, information, and marketing to provide more integrated journeys for those arriving and departing from both domestic and international airports and ports. This also extends to surface access to the North's ports in which infrastructure improvements to rail freight such as gauge clearance would enable modern intermodal containers to be transported via rail.

Furthermore, improvements to local public transport networks are another crucial element in supporting domestic travel and providing an efficient and more integrated travel experience across the North and wider UK. Delivering integrated sustainable travel for local towns and cities can also support surface access improvements to airports and ports as part of our remit to decarbonise travel, aligning with the aspirations of both our Decarbonisation Strategy and Freight and Logistics Strategy. Delivering improvements to surface access will also ensure the North's airports are competitive with the other UK airports and can be readily accessible from larger population catchments of the UK.

7 TfN's suggested role in relation to international connectivity

7.1 Coordination and influencing:

For international connectivity and aviation, TfN can coordinate and influence key priorities and projects for the North's aviation sector in collaboration with our partners. In a coordination capacity, we can bring together relevant stakeholders to ensure that collectively the North maximises opportunities to capitalise on the opportunities of aviation decarbonisation in the North and maintain the competitiveness of the North's airport network within the UK.

It remains essential that TfN considers the views of stakeholders in this industry and through adopting a collaborative approach, our strategic direction will be shaped directly by our stakeholders and partners. This includes making the case for further infrastructure investment that will support low carbon surface access to the North's international gateways. We can also influence national policy in relation to international connectivity, ensuring that the opportunities for the North are maximised.

Action:

- To reintroduce hosting pan-regional airport, port and public transport operator round tables to agree priorities for international connectivity in the North, exploring opportunities for collaboration across aviation decarbonisation and surface access improvements.
- To improve communications with UK Government through greater engagement with DfT, particularly in response to key Government consultations within aviation and decarbonisation. In this capacity, TfN can act on behalf of our partners and key stakeholders as a central voice to influence Government policy in relation to international connectivity.
- To work with technical experts and academia within international connectivity and aviation to receive impartial and expert advice to support TfN's Board and wider governance groupings in relation to the topic.

7.2 Providing evidence-based recommendations:

At TfN, we have a modelling and analysis capability that enables us to provide evidence and support to partners. In relation to international connectivity, there are opportunities to use this capability to support our role in coordinating and influencing international connectivity across the North.

We have examined policy position options in relation to reducing emissions working with independent experts and gaining consensus amongst partners.

Action:

- To provide central accountability for emissions statistics in the North in relation to aviation and maritime, building this into a version of our future carbon emission baselines.

7.3 Supporting TfN workstreams

In addition to the above policy recommendations for international connectivity and aviation, there are also several TfN workstreams we can draw upon to support local partners and wider stakeholders. The below recommendations are taken from wider TfN workstreams:

Action:

- To build upon TfN's objectives for **Connected Mobility** which will explore options for smart ticketing which are integrated across modes and operators. This will make public transport more accessible for all in the North, including international visitors arriving via our airports and ports.
- In line with the recommendations of TfN's **Decarbonisation Strategy** and **EV Charging Infrastructure Framework**, consider further opportunities for the use of hydrogen and electric fuel sources within transport, establishing relationships with private sector organisations that are currently developing alternative fuels e.g. Humberside green energy cluster, TfN's EV Steering Group. We will also maintain a focus on decarbonising surface access to airports.
- To support the visitor economy through the recommendations set out in **TfN's Visitor Economy and Transport study and TfN's Tourism and Rail Covid Report**, which include greater collaboration with partners, integrated ticketing and marketing initiatives and delivering high-quality and efficient public transport and active travel connectivity.
- To consider the recommendations set out in TfN's **Freight and Logistics Strategy** in facilitating and developing partnerships to achieve port to port zero-carbon multimodal corridors. This includes capitalising on the freeport status of several ports in the North and ensuring that there is suitable freight capacity via rail and road to the North's ports, which will also support future global trade opportunities vital to the UK's economy.

8 Proposed next steps

The next steps for TfN's international connectivity and aviation policy position are to progress consultation with partners and key stakeholders to ensure that the policy actions are fit for purpose and will add real value in realising the clean growth opportunities for international connectivity. We will work with our partners and key stakeholders across the North to progress the actions identified within this policy statement, coordinating and influencing key workstreams within international connectivity whilst utilising TfN's own modelling and research capabilities to enhance our evidence base.

We will continue to develop our evidence base, progressing key workstreams that support our international connectivity and aviation policy. This includes the carbon trajectories and ambitions outlined in our Decarbonisation Strategy, our Strategic Rail and Major Roads programmes to support future surface access opportunities and our forthcoming Freight and Logistics Strategy which will consider interventions to improve accessibility for freight to the North's airports and ports. We will also consider TfN's wider programme of work which can enhance the evidence base for international connectivity and aviation such as our Analytical Framework and our Research and Economics work in areas such as Transport Related Social Exclusion and the North's Visitor Economy. The Northern Powerhouse Independent Economic Review is due to be refreshed in 2022 as part of an on-going programme of research, which will also have linkages to international connectivity through international trade.

APPENDIX A:

TfN approach to aviation decarbonisation

APPENDIX B:

List of reviewed documents

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Appendix A – Aviation Decarbonisation Approach

Headline Position on Aviation Decarbonisation

1) By priming itself as an early-mover, the North should capitalise on the significant regional economic growth opportunities presented by:
    - The development of Zero Emission Aircraft.
    - The production of Sustainable Aviation Fuel.
    - The production and use of Liquified Green Hydrogen.
    - Seamless connection of airports to low carbon surface transport choices.

    Progress is needed quickly if these technologies are to contribute meaningfully in reaching net-zero aviation by 2050. Our region can play its part by:
    a) Capitalising on the North's proximity to sources of renewable energy and potential waste industrial fuel feedstocks.
    b) Capitalising on our international airports' extensive route networks and promoting a northern airport as a prime candidate for initial investment, from Government, to be a liquid hydrogen 'feeder' location.[1].
    c) Developing a mature green hydrogen supply and distribution network in the North, through early investment focussed on supplying a wider set of end uses (i.e. industrial demand and multimodal transport demand).
    d) Investing in low carbon surface transport connections to the region's airports.

TfN will:

Work with airports to integrate their potential for hydrogen demand, supply and storage, into green hydrogen generation, transport and dispense strategies for the North.

Influence Government to invest in one of the North's international airports as a liquefied hydrogen 'feeder' location.

Continue to promote high quality and low carbon public transport connections to and from the region's airports.

2) TfN recognises the high level of risk of not all technological options for aviation decarbonisation fully delivering the required emissions reductions.

[1] Refers to proposal from Aerospace Technology Institute, within 'Fly-Zero – The Case for UK to Accelerate Zero-Carbon Emission Air Travel', to select a number of international hubs for initial investment into support infrastructure for zero carbon aircraft.

TfN therefore supports the adoption of voluntary soft incentives to manage demand at the same time as increasing business productivity and boosting local tourism, including:

- measures that significantly increase the attractiveness of using lower carbon public transport modes, such as train and coach, both as an alternative to land based domestic flights and in improving surface access to airports;
- encouraging businesses to prioritise video conferencing in preference of air travel where it enhances productivity;
- promotion of the North's visitor attractions as an alternative to overseas holiday destinations.

TfN will:

Promote the development of cost effective public transport alternatives to popular domestic land-based aviation routes.

Commit, alongside Partners to video-conferencing instead of air travel unless exceptional case is demonstrated.

Ensure flexible, high quality, and low carbon access to the region's tourism destinations.

3) Given our focus on creating the right conditions for rebalancing economic growth towards the North, TfN supports the productive use of existing unused runway capacity at Northern Airports to cater for that growth, whilst acknowledging that increases in aviation demand need to be accommodated within a national cap on demand growth of 25% by 2050 (consistent with the recommendations of the CCC within their 6th Carbon Budget).
   In the context of the potential for the North's airports to accommodate significant additional demand through existing unused runway capacity, TfN supports the adoption, by national government, of a moratorium on 'net'[2] national airport runway expansion[3], as an important part of a national strategy for managing demand. This should be supported by:
   - measures that significantly increase the attractiveness of using lower carbon public transport modes, such as train and coach, both as an alternative to land based domestic flights and strengthening the case for NPR, HS2 and other major public transport infrastructure schemes;

[2] 'Net' in this context is taken to mean no overall increase in national airport capacity, although the re-allocation of both existing demand and future growth in demand (up to 25%) between regions would be allowed. Note that many airports currently have spare runway capacity where expansion is not needed.
[3] Support for a moratorium on net national airport runway expansion, does not extend to other airport works which may help make better use of currently unused existing airport runway capacity (e.g. works to terminal buildings).

- developing improved and sustainable surface access to our international gateways and encouraging the decarbonisation of air-side equipment;
- measures that increase public awareness regarding the emissions associated with flying in relation to other modes and other everyday activities (e.g. contextualised emissions information at point of booking).
- the ability of our networks of northern airports to serve all of the North's diverse communities, including the Pakistani, Indian, Bangladeshi, Chinese, African and Caribbean communities, so as to minimise the need for connections to their frequent destinations via other international hubs (e.g. Heathrow or Amsterdam).

TfN will:

Promote the development of cost-effective public transport alternatives to popular domestic land-based aviation routes.

Influence Government to apportion greater share of both existing and future flight demand growth to the North, within a national aviation demand budget.

Work to create the right economic and social conditions in the North to justify the use of unused air capacity in the North.

*Managing demand can help to reduce emissions in the short and medium term and provide resilience should not all technological options fully deliver the emissions reductions required. These measures additionally reduce the non-CO2 warming contribution from aviation and have co-benefits for noise and air quality.

A moratorium on net national airport runway expansion is a robust way of achieving a secure upper limit on possible future emissions.

*

4) TfN agrees that carbon offsetting can play an important part in reaching net zero emissions for aviation. TfN recommends that Government, through CORSIA, should push aeroplane operators to utilise the highest quality of offsetting and removal schemes. Any offsetting should be considered in the context of the following key requirements:
    - Offsetting schemes must negate emissions of atmospheric carbon produced through reduction or removal.
    - Offsets must not cause environmental or social harm and ideally would deliver social and biodiversity co-benefits.
    - Whilst nature based offsets are important in the short to medium term, offsetting strategies should transition to permanent carbon storage solutions in the longer term.
    - A preference for offsetting northern emissions through northern offsetting schemes based in the North.

TfN will encourage our regional airports and airlines operating flights from Northern airports, to promote schemes based in the North, such as reforestation and peat restoration projects.

Detailed Approach

TfN position on aviation decarbonisation as part our approach to International Connectivity
TfN is, in general, supportive of the Government's measures as set out in its Jet Zero Strategy (July 2022), particularly its objectives and targets in relation to the development of sustainable aviation fuels and zero-emission aviation technology. The North has the capacity to be first -mover in responding to the challenge of sustainable aviation fuels and technology development and production, taking advantage of the North's proximity to sources of renewable energy and potential waste fuel feedstocks. Both SAF and Liquefied Green Hydrogen offer opportunities for reaching net zero emissions by 2050 (with SAF being particularly important in achieving emissions reductions in the nearer future), and the development of each is both a challenge and opportunity for the North. With around a third of current green hydrogen supply, storage and use projects located in the North, the region should move relatively quickly to developing a mature green hydrogen supply and distribution network that our airports can play a part in. TfN also recognises that the widespread use of SAFs is still likely to require emissions abatement measures from outside the sector (such as offsetting or GHG removal schemes). Further to the Jet Zero Strategy, TfN recommends Government look to reduce emissions quicker in the short and medium term through developing a national strategy on managing demand. These measures would also help reduce projected emissions should breakthroughs in the development of Zero Emission Aircraft (ZEAs) utilising Liquefied Green Hydrogen and/or Sustainable Aviation Fuels (SAFs), not eventuate or not progress at the rate required. In line with the core objectives within its Strategic Transport Plan, TfN will continue to work to create the right economic and social conditions in the North to justify the use of unused air capacity in the North and influence Government to apportion a greater share of both existing flight demand and future demand growth to the North, aligned with a national strategy for managing demand. That should be regionally balanced, social equitable, and employ a national carbon budget approach - limiting air travel growth nationally to 25% by 2050, in line with the Climate Change Committee's

Balanced Pathway within their 6th Carbon Budget, compared to 2018 levels (reduced from an expected 74% growth in the 'do-nothing' scenario, and a 70% increase in 'High Ambition' scenario – within the Jet Zero Strategy). Given the significant potential for the North's airports to accommodate additional demand through existing unused runway capacity, TfN supports the adoption, by national government, of a moratorium on 'net'[4] national airport runway expansion[5], as an important part of that national strategy for managing demand.

Limiting air travel growth is one of the few measures that is guaranteed to lead to a reduction in associated non-CO_2 warming effects and realise local air quality and noise benefits.

This approach includes additional demand management recommendations for national government as well as soft measures (typically incentives to encourage behaviour change and measures that don't place any limits on demand),that could be implemented at regional or local authority levels. Through these, the North has the opportunity to boost regional tourism, enhance regional business productivity and strengthen the case of longer distance public transport investments such as HS2 and NPR.

Our recommendation is for supporting a national strategy on managing demand and not unilateral regional action.

[4] 'Net' in this context is taken to mean no overall increase in national airport capacity, although the re-allocation of both existing demand and future growth in demand (up to 25%) between regions would be allowed. Note that many airports currently have spare runway capacity where expansion is not needed.
[5] Support for a moratorium on net national airport runway expansion, does not extend to other airport works which may help make better use of currently unused existing airport runway capacity (e.g. works to terminal buildings).

Proposed Key Policy Areas:	**System Efficiencies** Support the Governments approach to achieving efficiency improvements in our current aviation system. This would involve moving to best-in-class aircraft, as well as both airspace and airport operations modernisation and the decarbonisation of surface transport connections to airports. **Recommendation to National Government Support:** We support the Government's new policy proposals in Jet Zero Strategy consultation: • All airport operations in England should be zero emission by 2040[6]. • Voluntary agreement from airlines to avoid tankering where there is no **practical** reason for doing so. • Landing fees based on emissions and noise. • Landing slots at constrained airports prioritised based on environmental performance. • Making provision for Air Navigation Service Providers (ANSPs) to implement differential charging based on environmental performance within their controlled airspace. • Changes to regulations where needed to implement new CO_2 emission saving operations (e.g. formation flight).
	Zero Emission Flight TfN supports all existing and proposed Government policies within the Jet Zero Strategy in relation to Zero Emission Flight . In addition, TfN proposes a number of local actions to maximise the clean growth benefits for the region including securing new high wage aerospace industry jobs –producing hydrogen aircraft/parts. **Recommendation to National Government Support:** We support the Government's new policy proposals in the Jet Zero Strategy: • **Supportive of Government policy for mandating Zero Emission aircraft on UK Public Service Obligation routes** (although note the commitment currently is to look at the feasibility of doing this).

[6] The commitment includes Scope 1 and Scope 2 emissions from airport operators, not Scope 3 emissions.

	• **Supportive of Government policy for all domestic flights to be zero-carbon by 2040** (although we note that this is currently an 'aspiration' in the Jet Zero consultation document). In addition, we would commend the recommendations to Government made by the FlyZero programme in relation to the further development of hydrogen aircraft, to create the enabling environment for zero-carbon emissions aviation by the mid 2030s. **Regional/Local Action** • **The North should be a leader and centre of excellence for the development of ZEA -** partners, academia, local business and regional airports to position the North as leading region for ZEA research, design, production and trialling. - Government and Tees Valley Hydrogen Hub to facilitate ZEA demonstration activity at Teeside International Airport. • **Ensure our regions airports are 'ZEA Ready'** - Regional airports should be national leaders in demonstrating and delivering ZEA airport infrastructure.
	Sustainable Aviation Fuel (SAF) and Liquified Hydrogen TfN supports all existing and proposed Government policies within the Jet Zero Strategy. In addition, TfN proposes a number of local actions to maximise the clean growth benefits for the North, principally through optimising the region's role in the supply of both SAF and Liquefied Green Hydrogen fuels. **Recommendation to National Government Support:** We support the Government's new policy proposals in the Jet Zero Strategy: • Support implementation of a SAF mandate on fuel suppliers and would encourage this to be in place by 2025 (with at least 10% SAF in UK fuel mix by 2030) • Use of SAF on UK Public Service Obligation routes. • Negotiate in the ICAO for comprehensive SAF sustainability standards and a global SAF objective. • The development of at least 5 commercial scale UK SAF plants (under construction by 2025). In addition, we would commend the recommendations to Government made by the FlyZero programme in relation to the further development of **liquified green hydrogen**

	production and refuelling infrastructure, to create the enabling environment for zero-carbon emissions aviation by the mid 2030s. **Regional/Local Action** • **The North should be a leader, and centre of excellence, for both SAF production and green hydrogen production -** and the sharing of costs of the development of green hydrogen supply, distribution and dispense infrastructure across modes (e.g. looking at multimodal demand) and sectors will be encouraged. • **Encourage and support the development of waste-to-SAF plants in the North,** building on the planned developments already underway at Fulcrum (Merseyside) and Philips 66 (Humber region). • **Supporting our regional airports in development of SAF transport and storage infrastructure,** a good example is partnership between MAG and Fulcrum and the proposed use of an existing pipeline between Manchester Airport and Fulcrum Northpoint (Stanlow). • **Encourage our regional airports to utilise SAF produced in the North** so as to reduce the emissions associated with the transport of the SAF but also to build upon the North's strengths in offshore wind and electrolyser development. • **Encourage our regions airports to be 'ZEA Ready' in terms of supporting infrastructure -** this should include promoting, to Government, one of the North's international airports as a prime candidate for any initial investment as a liquid hydrogen 'feeder' location for regional networks – capitalising on the North's proximity to renewable energy (green hydrogen) production facilities and also its substantial and growing international connectivity through Manchester Airport.
	Carbon Pricing and Removals TfN supports national government target of 27% reduction in carbon emissions due to demand reduction effects of carbon pricing, by 2050. These effects will be realised relatively quickly and so the Government estimates that reductions will be seen in the short to medium term. Carbon pricing to be achieved primarily through use of the UK Emissions Trading Scheme and the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). Through carbon pricing, markets will facilitate the offsetting required through investments in robust schemes

	that remove or avoid an equivalent volume of these emissions elsewhere. **Recommendation to National Government Support:** We support the Government's new policy proposals in the Jet Zero Strategy: • Support alignment of the UK ETS cap with a 'Paris compliant' net zero trajectory. • Exploring the role of the UK ETS in stimulating a long-term market for Greenhouse Gas Removals (both engineered and nature-based), and the preferred business models for incentivising investment in engineered GGRs (as opposed to nature-based). • Legislate for CORSIA by 2024 in UK law. • Explore how to support other states that may need help implementing CORSIA effectively. **Go Further:** • **TfN recommends that Government, through CORSIA, should push aeroplane operators to utilise the highest quality of offsetting and removal schemes** - Any offsetting, should be considered in the context of the following key requirements: o Offsetting schemes must negate emissions of atmospheric carbon produced through reduction or removal. In the medium and long-term, preference should progressively be given to removal projects over reduction (i.e. actually removing carbon from the atmosphere rather than reducing the amount of emissions that *potentially* may occur in the future in other sectors/systems). o Offsets must not cause environmental or social harm and ideally would deliver social and biodiversity co-benefits. o Whilst nature-based offsets are important in the short to medium term, offsetting strategies should transition to permanent carbon storage solutions in the longer term, recognising the capacity of the biosphere to absorb additional carbon is much less than current fossil fuel emissions and will likely further reduce due to climate change itself. **Regional/Local Action** • **Offsetting in the North** - For flights originating from Northern airports, those airports and airlines

	should establish high quality offsetting scheme options for consumers with a preference given to nature based solutions in the North, such as reforestation and peat restoration projects (e.g. The Great North Bog[7], Wild Ingleborough[8], The Northern Forest[9])
	Travel Demand Drivers (Influencing Consumers) Departure from national government's Jet Zero Strategy of applying no restrictions on travel demand or airport expansion. Support for the development of a regionally balanced, socially equitable national carbon budget approach to managing national aviation demand and airport expansion. The focus at a regional level would be on softer incentives. This approach would look to limit air travel growth to 25% by 2050, in line with the Climate Change Committee's Balanced Pathway within their 6th Carbon Budget, compared to 2018 levels (reduced from an expected 74% growth in the 'do-nothing' scenario, and a 70% increase in 'High Ambition' scenario). As part of this approach to managing national aviation demand, TfN supports the adoption, by national government, of a moratorium on 'net'[10] national airport runway expansion[11]. Alongside this, TfN would work to create the right economic and social conditions in the north to justify the use of unused air capacity in the North and influence Government to apportion a greater share of both existing flight demand and future demand growth to the North, recognising the significant potential for the North's airports to accommodate additional demand through existing unused runway capacity. **Our recommendation is for supporting a national strategy on managing demand and not unilateral regional action.**

[7] https://greatnorthbog.org.uk/

[8] https://www.wildingleborough.com/

[9] https://thenorthernforest.org.uk/

[10] 'Net' in this context is taken to mean no overall increase in national airport capacity, although the re-allocation of both existing demand and future growth in demand (up to 25%) between regions would be allowed. Note that many airports currently have spare runway capacity where expansion is not needed.

[11] Support for a moratorium on net national airport runway expansion, does not extend to other airport works which may help make better use of currently unused existing airport runway capacity (e.g. works to terminal buildings).

	Recommendation to National Government Support: We support the Government's new policy proposals in the Jet Zero Strategy: • Setting of an in-sector CO_2 emissions reduction trajectory for aviation from 2025 to 2050 with interim targets. • Annual reporting of aviation emissions data from 2025 – although we would be supportive of this starting earlier from 2023. • Reviewing progress against the emission reduction trajectory annually, from 2025 – although we would be supportive of this starting earlier from 2023. • Review of overall approach to aviation decarbonisation every 5 years, starting in 2027 – although we would be supportive of this starting earlier from 2025. **Go Further:** • **Immediate moratorium on net national airport expansion –** in line with CCC 6th Carbon Budget – no net national expansion of airport runway capacity unless a lack of capacity is affecting efficient operations or the aviation sector creates headway in its carbon budget to accommodate additional demand (beyond 25%). This would not exclude works to release existing unused runway capacity (e.g. works to terminals). • **Making productive use of unused airport capacity in the North** – attracting existing demand and future demand growth, within an overall carbon budget, from the southeast and elsewhere to cater for the high level of economic growth that we need. • **Serving the North's diverse communities directly** - Our network of northern airports, connected by zero carbon surface transport links, should serve all of the North's diverse communities, including the Pakistani, Indian, Bangladeshi, Chinese, African and Caribbean communities, so as to minimise the need for connections to their frequent destinations via other international hubs (e.g. Heathrow or Amsterdam). • **Encourage the use of train and coach as an attractive alternative to *land based* domestic flights –** by land based, we mean routes that do not cross seas. Policies that focus on improving the relative cost and convenience of land based public transport relative to the cost of flying. Strengthening the case for new high speed, longer

	distance public transport infrastructure such as HS2 and NPR. • **National public awareness campaign** – to inform consumers of the emissions associated with flying (including at point of booking), but going further than the commitments made within the Jet Zero Strategy, and contextualising this against other modes and 'everyday' activities (e.g. car trips, food, heating etc.). **Regional/Local Action** • **Public Transport First policy (and public promotion of that policy) for land based, domestic journeys, where viable equivalents exist.** • **Development of high quality and cost effective rail and coach alternatives to the most popular domestic land-based aviation routes.** • **Encourage businesses to prioritise video conferencing in preference of air travel where appropriate and where it enhances productivity, and document within their travel plans.** • **Video and audio conferencing to be used by TfN and Partners instead of air travel unless exceptional case demonstrated.** • **Promotion of the North's visitor attractions as an alternative to overseas holiday destinations, and ensure flexible, high quality and low carbon access for visitors:** - Flexible fares including onward travel. - Working with tour operators/travel companies, as well as public transport providers to develop both mainstream and market specific joint products. - Increasing frequency of services to tourist hot spots and reducing Sunday and School Holiday closures on related rail routes. - **Addressing the 'leisure first and last miles',** particularly in rural or coastal areas to ensure non-car access provides an attractive option.
Benefits and Disadvantages	**Environmental** Carbon Reduction benefits: • Aviation travel demand management measures can limit growth in emissions while we wait to assess the impact of ZEA technology and SAF use. • Travel demand management measures can be introduced now thereby having an immediate impact on growth in emissions, whilst technology based policies are long-term.

	• Potentially less reliance on carbon removal technologies. • Nature based removals may see local ecological/environmental benefits. Non-CO2 Warming Effects: • A reduction in travel demand (compared to the Government's targets of a 70% increase by 2050) will see a corresponding instantaneous reduction in non-CO_2 warming effects as opposed to approaches where growth in air travel is not reduced as whilst many ZEA and SAF technologies could potentially reduce non-CO_2 warming effects (e.g. contrails), this will depend on which fuels and technologies predominate and for which routes. Noise and Local Air Quality Effects: • A reduction in travel demand (compared to the Government's target of a 70% increase) will see a corresponding reduction in local noise and air quality effects. Reductions in local air quality pollution effects cannot yet be assumed through the use of SAF. • Increased potential for congestion related effects in and around the North's visitor hot spots if a rise in the domestic visitor trips is not managed correctly.
	Economic (inc. Clean Growth Potential) • Clean growth potential (jobs, skills and investment) in line with national government expectations in relation to the development and manufacture of both ZEA components, green liquid hydrogen and SAFs. • In the short and medium term, potential constraint on growth of regional airports, airlines and supply chain industries associated with a cap on demand growth, and associated constraint on range of economic and jobs benefits. However, the effect may not be seen evenly between different English regions and should could be mitigated to some extent in the North if both existing demand and current future growth in demand was moved to the North's airports (using existing spare runway capacity). • Significant potential benefits for northern visitor economy from increased domestic tourism trips. • Potential reduction in international visitors accessing our tourism hotspots with associated economic disbenefits. • A programme of nature based emissions offsetting schemes, if carefully managed, may create jobs in

	rural areas and deliver skills and jobs benefits to rural communities.
	Social (population, health and well being effects) • Reduced local air quality and noise effects would see corresponding health and wellbeing effects for those living near or within landing/take-off paths of airports. • Other clean growth benefits covering skills, employment and leisure opportunities are covered within **Economic**.

Meeting:	Transport for the North Board
Subject:	Rail North Committee Update
Author:	David Hoggarth, Strategic Rail Director
Sponsor:	Martin Tugwell, Chief Executive
Meeting Date:	Thursday 29 September 2022

1. Purpose of the Report:

1.1 To provide the Board with an update on rail matters that were due to be considered by Rail North Committee on 13 September 2022. The Committee meeting was postponed following the death of Her Majesty Queen Elizabeth 2.

2. Recommendations:

2.1 It is recommended that the Board notes this update on rail matters and endorses the actions set out in paragraphs 3.22 and 3.23.

3. Main Issues:

3.1 Operational Rail Overview

Train operations in the North (and elsewhere) continue to be impacted by industry-wide issues including Industrial Relations (including ongoing and potential future strikes), higher than average levels of sickness and training backlogs caused by covid. These issues are combining to create a very challenging environment for operators and are resulting in unacceptable levels of performance and disruption for passengers. For performance to improve to sustainable levels the training backlog has to be addressed and this needs to be managed alongside the ongoing impact industrial action, sickness and the loss of flexibility previously afforded by driver rest day working is having on daily performance. During the period of mourning following the death of Her Majesty Queen Elizabeth 2 planned strikes were cancelled and operators worked collaboratively with staff to provide additional services to support the events including travel to and from the State Funeral.

3.2 Avanti West Coast

As a result of a shortage of available drivers, Avanti announced on 8 August that they would be temporarily amending their West Coast services from 14 August. Avanti is temporarily running four trains an hour from London Euston, one to each of Glasgow, Liverpool, Manchester and Birmingham. Every two hours trains will run through to Edinburgh, via the West Midlands. There will be a shuttle service between Crewe and Holyhead, plus a through service between Euston and Chester once a day. This amended timetable will be in place until further notice.

3.3 The revised timetable has a significant adverse impact for the North; particularly Manchester (where the previous service of 3 trains an hour has been reduced to 1 train per hour), but also severely reducing connectivity between Crewe/Chester and North Wales. While Avanti's contract is not managed through Rail North Partnership (RNP), Transport for the North has met representatives from Avanti and DfT to stress the extent to which the impacts on the North are unacceptable and seek reassurances that a plan to restore services at the earliest opportunity

is produced, and against which progress can be monitored. A recovery plan was being developed at the time of writing.

3.4 The current contractual arrangements with Avanti are scheduled to be reviewed by the Department for Transport in mid-October. Given the importance of Avanti services to the North (and Scotland and North Wales) the Board may wish to consider emphasising that publication of the recovery plan and progress made in its delivery are material considerations for the Department.

3.5 Northern and TransPennine Express

Against a backdrop of stronger recovery of passenger demand in the North, operational performance is below target levels. A factor that the Board needs to keep in mind is that the recovery in passenger demand includes changes in travel patterns compared to those seen pre-COVID (for example the growth in leisure travel). It is therefore important to ensure that the deployment of resources available (rolling stock and staff) continues to be actively managed to meet changes in demand. RNP has been working with TfN, TPE and Northern to develop plans for each operator to return to a position where they can first operate a more reliable service and then restore services in line with demand RNP is working with operators to transform ways of working to provide a sustainable and responsive foundation for growing back reliably and making sure operators have the resources, including through large-scale recruitment, to run reliable services and increase services as resources allow.

3.6 As a temporary solution, and subject to strict conditions, TPE introduced a revised timetable from mid-September 2022 for services it operates on the West Coast Main Line. The amended timetable entails reductions in services back to a similar level provided pre-May 2022, but complemented by additional bus services in Cumbria and the Scottish Borders. Early indications are that the timetable change has brought more stability and certainty for passengers. TPE will seek to reintroduce some services from the December 2022 timetable change, with the remaining services reintroduced by May 2023.

3.7 In the case of Northern, whilst performance is still below target, the revised timetable introduced in May 2022 has generally operated better than before the change and has given passengers greater certainty. Transport for the North Members have continued to push for restoration of the lost connectivity, and Northern has recently confirmed that the majority of services cut in May 2022 will be restored from the December 2022 timetable change.

3.8 RNP has also begun work with Northern's holding company (the Government's operator of last resort),TfN, DfT and the operators to develop plans, originally put forward by Northern, for a Rail Academy for the North – a multi-location training academy for our (and potentially other) operators, which will both offer people across the North the opportunity to develop the skills needed for careers in rail and provide operators with a sustainable supply of skilled staff for future growth.

3.9 Manchester Task Force

The Manchester Task Force (including representatives from industry, DfT, TfN and TfGM) is overseeing the work to address the congestion bottleneck in central Manchester. Building on the recent more collaborative approach, the remit and mandate of the Task Force is being extended to cover the longer-term strategy which includes:

- Implementation of the December 2022 timetable as an initial step to address service reliability issues;

- development of the 'Blueprint' that links on-going infrastructure enhancements to delivery of the connectivity and capacity needed beyond that initial step;
- Work, led by Network Rail, on the range of infrastructure solutions to support the implementation of the Blueprint, arranged in three 'tranches' of work and;
- Implementation of an option testing methodology developed for train service improvements facilitated by infrastructure delivery which will allow TfN to clearly articulate its priorities.

3.10 Preparation for the December 2022 timetable change is progressing well; lessons learned from May 2018 have been fully incorporated into the approach including the development of detailed contingency plans should the current Industrial Relations issues impact on preparations. Following on from the December 2022 change, which is focussed on tackling performance, the work on the first (tranche 1) set of infrastructure enhancement schemes is well underway with a final investment (funding) decision expected early in 2023. The next major service change opportunity beyond December 2022 will be in 2024/25 (resulting from the committed electrification schemes).

3.11 The next (tranche 2) works are mainly focussed on the Castlefield Corridor and include the re-building of Manchester Oxford Road Station (which also provides an opportunity to significantly improve the public realm in the area) and changes to the signalling to improve the operation of the corridor. There is now a clear industry view on the optimum design for the Manchester Oxford Road scheme and it is now progressing through the development and funding approval process with the full business case due to be completed in December 2023.

3.12 Over the summer, a series of workshops have facilitated considerable progress on identifying and developing options for the major infrastructure upgrades (tranche 3) to deliver further service enhancements in the longer term and to understand the opportunities presented by digital signalling, which will be reflected in an update to the Blueprint.

3.13 <u>East Coast and Leeds Area</u>

TfN has previously made a robust response setting out its concerns in relation to plans for an amended East Coast timetable which would have reduced East-West Connectivity. Revised proposals have been developed, but it unlikely these will go ahead in May 2023. It would be possible to make some marginal changes (e.g Cross Country improvements which will benefit passengers).

3.14 In discussion with DfT, Transport for the North understands that infrastructure changes required on the East Coast Mainline (ECML)north of York are now included within the Integrated Rail Plan (IRP) Delivery Programme being delivered by the DfT and there is a commitment to deliver the 7th/8th path per hour on the ECML which would allow a better balance of East-West and North-South Services (retain the two TPE trains per hour).

3.15 The Government's Integrated Rail Plan commits to look at the most effective way to run HS2 trains to Leeds including the most optimal solution for Leeds Station capacity and starting work on the West Yorkshire Mass Transit System. Studies cover extension of high-speed services to Leeds, Leeds station network capacity and better Bradford connections, as set out in the IRP. The Terms of Reference for the HS2 to Leeds Study have not yet been published by the DfT. The TfN Board has written to the Secretary of State calling for the Terms of Reference to be published as soon as possible.

3.16 Growing the Railway

The Rail North Committee is overseeing work on how to grow the railway in the North. The purpose of this work is, as a precursor to the Strategic Transport Plan refresh to re-assert the vision for Rail in the North with a focus on growth, taking advantage of the strong bounce-back from covid and with a focus on the remainder of the decade up until around 2030. Members have re-stated the importance of maintaining a strong and clear ambition for railways in the North – despite short-term resource and funding challenges faced by the industry. In many ways it is more important to re-state the vision as short-term operational decisions need to be seen in the context of the vision. The Board will be mindful that TfN's work on Future Travel Scenarios, which informed its work on the Regional Decarbonisation Strategy, provides the evidence for planning for significant growth in the railway.

3.17 The emerging ambition for rail in the North over the remainder of the decade is:

*Significantly **increase the attractiveness** of rail in the North to encourage **transfer from less sustainable modes** to deliver on the decarbonisation ambition. To achieve this we need a **growing railway** (flexible to new markets) that can provide customers with a dependable offer that is easy to understand, **offers value for money** and is more **integrated** with local travel networks and local social, environmental and economic objectives. This in turn should provide better value for money for government and funders.*

3.18 Subject to comment from Members, this initial analysis and statement of ambition will be used to inform the development of the Strategic Transport Plan refresh and the broader case for investing in rail in the North. Transport for the North will also seek to influence and shape the Whole Industry Strategic Plan (WISP) which is the new 30-year strategy being developed by Great British Railways. Transport for the North has already made a substantial contribution to the evidence base for the WISP drawing on evidence through the Independent Economic Review, Transport for the North's analytical framework and the Future Travel Scenarios.

3.19 Operator Business Plans

The Rail North Committee has a Working Group to consider train operator business plans (their plans, including budgets and timetable proposals for each year). The Group discussed the recent meeting with former Rail Minister Wendy Morton MP, Cllr Robinson, Lord Patrick McLoughlin the train operators and officials.

3.20 The TfN representatives were able to raise the concerns expressed previously by the Board about future funding for train operators and the unacceptability of service cuts driven by funding shortfalls. They were able to draw on the specific analysis and evidence provided by partner authorities. They also highlighted the need to build on recent investment and grow the market and explore other options for efficiency savings before reducing services. It was a positive meeting with the Minister acknowledging the need to resolve the short-term issues and supporting the need to improve connectivity, but at the same time highlighting the extra funding provided to the rail industry during the pandemic and the need to ensure the railway is sustainable. The Minister was also open and receptive to innovation through some of the pilot growth projects presented.

3.21 Considerable progress has been made on Northern's proposed timetable for May 2023. Whilst some local issues remain to be finalised and there are a number of areas where resource constraints limit growth, it does represent a further step towards the pre-covid quantim of service. Further growth will be dependent on

future budget settlements and the possibility of service cuts remains should sufficient budget not be available.

3.22 Next Steps and Actions

As noted above, TfN has held a meeting with the former Rail Minister to discuss the issues outlined in the paper. We have also had a number of detailed meetings with DfT officials and continue to use our influence in the RNP to seek appropriate contingency and recovery plans from operators. Progress will continue to be monitored by the Rail North Committee.

3.23 In addition, it is proposed to:

1. Work with DfT and RNP on recovery plans for train operators including both short and long-term solutions to the current issues with the availability of suitably trained drivers with the appropriate route knowledge. Progress will be monitored by the Rail North Committee.
2. Work with Rail North Partnership to develop plans for a Rail Academy for the North to provide a pipeline of trained drivers to address the current challenges by positive action in the North. The training academy could also be the first step for a more comprehensive approach to public transport skills including bus and tram drivers.
3. Use existing and newly-commissioned (through the TAME team) analysis to make the case for investment in the North's railway to support a growing railway and wider objectives such as reduced transport social exclusion and decarbonisation.
4. Work collaboratively with operators to promote the return to rail to help grow new markets and make rail more sustainable.

4. Corporate Considerations

Financial Implications

4.1 There are no direct finance implications as a result of this report. The DfT holds the funding risk for rail service contracts.

Resource Implications

4.2 There are no direct resourcing implications as a result of this report.

Legal Implications

4.3 There are no apparent legal implications arising as a result of this report.

Risk Management and Key Issues

4.4 The report relates to corporate risk 309 (relating to the long-term impacts on Covid-19 may impact on the viability of rail services) and 311 (Future timetable changes in Manchester and on the ECML that could reduce connectivity in the North). The report includes reference to mitigating actions being undertaken by Transport for the North.

Environmental Implications

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

4.6 Passenger rail has an essential part to play in achieving our decarbonisation objectives within Transport for the North's Decarbonisation Strategy, particularly around reducing private car vehicle mileage.

Equality and Diversity

4.7 Improving the rail offer and addressing issues of unreliability would help address inequalities by improving connectivity for those without access to a car.

Consultations

4.8 The report is an update, so consultation is not required.

5. Background Papers

5.1 There are no background papers

6. Appendices

6.1 There are no appendices.

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

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

a) TPE TransPennine Express
b) DfT Department for Transport
c) RNP Rail North Partnership

Meeting:	Transport for the North Board
Subject:	Annual Governance Statement, Statement of Accounts and Audit Opinion 2021/22
Author:	David Spilsbury, Interim Financial Controller
Sponsor:	Paul Kelly, Interim Finance Director
Meeting Date:	Thursday 29 September 2022

1. Purpose of the Report:

1.1 This report requests the Board's approval of Transport for the North's Annual Governance Statement and Statement of Accounts for financial year 2021/22.

1.2 The report is supported by an appended report from Transport for the North's independent external auditor that provides an unqualified, clean opinion.

1.3 This report should also be considered alongside the Annual Report from the Chair of the Audit & Governance Committee which recommends approval of the Accounts.

2. Recommendations:

The Board is recommended to:

2.1 Approve the corporate governance review and the Annual Governance Statement.

2.2 Note that TfN's draft statement of accounts was laid open to public inspection for the statutory period without objection being raised.

2.3 Note the recommendation in the Annual Progress Report of the Audit & Governance Committee to approve the Statement of Accounts for 2021/22.

2.4 Approve the Statement of Accounts for financial year 2021/22.

3. Main Issues:

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

3.2 In common with partner authorities Transport for the North is required to publish a set of annual Statements of Accounts and an Annual Governance Statement in compliance with statute. Those Accounts are held open for public inspection and formally audited by an external auditor.

3.3 Under Transport for the North's constitution the Accounts are reviewed by the Audit & Governance Committee who are then required to offer an opinion to the Transport for the North Board. The Annual Progress Report of the Audit & Governance Committee is included at Appendix 2.

3.4 The Transport for the North Board, as 'those charged with governance,' is required to approve the Accounts and the Chairman of the Board is required to sign the Statement of Accounts. Under the relevant regulations, the accounts normally have

to be completed and approved no later than the 31 July (i.e. within four months of financial year-end). In recognition of the disruptive effect of the Covid 19 pandemic and the pressures placed on external audit, the approval date for the 2021/22 Accounts has been extended to 30 November 2022. Appendix 5 provides a summary of the production, audit, and scrutiny of the Accounts and concludes by noting the audit completion report from Mazars which offers an unqualified opinion on the Accounts, and the recommendation from the Audit and Governance Committee for the Board to approve the Accounts.

3.5 The Transport for the North Statement of Accounts for 2021/22 is included at Appendix 6. The Audit Completion Report of Transport for the North's independent external auditor, which provides an unqualified, clean opinion on that Statement of Accounts, is included at Appendix 7.

4. Corporate Considerations:

4.1 ***Financial Implications***

There are no financial implications within this report.

4.2 ***Resource Implications***

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

4.3 ***Legal Implications***

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

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

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

4.5 ***Environmental Implications***

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

4.6 ***Equality and Diversity***

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

4.7 ***Consultations***

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

5. Background Papers:

5.1 Audit & Governance Committee 14 July 2022 – Draft Statutory Accounts

5.2 Audit & Governance Committee 16 September 2022 – Year End Statutory Accounts

6. Appendices :

6.1 Appendix 1 – Corporate Governance Review and Annual Governance Statement Report

6.2 Appendix 2 – Annual Progress Report of the Audit & Governance Committee

Appendix 3 – Audit & Governance Committee Terms of Reference

Appendix 4 – Audit and Governance Committee Terms of Reference Activity

6.3 Appendix 5 – Annual Statement of Accounts Report

Appendix 6 - Annual Statement of Accounts Appendix

Appendix 7 – Independent Audit Completion Report

Glossary of terms, abbreviations and acronyms used	
a) TfN	*Transport for the North*

Meeting:	Transport for the North Board
Subject:	Appendix 1 - Corporate Governance Review and Annual Governance Statement
Author:	Manjit Dhillon, Senior Solicitor
Sponsor:	Paul Kelly, Interim Finance Director
Meeting Date:	Thursday 29 September 2022

1. Purpose of the Report:

1.1 The purpose of this report is for Members to consider the Corporate Governance Review and to approve the Annual Governance Statement.

2. Executive Summary:

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

2.2 The Annual Governance Statement is set out within the Annual Statement of Accounts at Appendix 6.

3. Discussion:

3.1 Under the provisions of the Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 Transport for the North is required to carry out an annual review of the effectiveness of its internal systems of control and to publish a report of that review. This report, the Annual Governance Statement, was published as a draft in August, as required by statute, along with the Statement of Accounts and Narrative Statement.

3.2 The system of internal controls is all the measures taken together which Transport for the North has put in place to ensure that it safeguards public funds and delivers value for money. This includes Transport for the North's financial regulations and contract procurement rules which are set out in the Constitution. It also includes the risk management framework through which Transport for the North ensures that risks to its operations are identified and managed.

3.3 Throughout the year we have continuously reviewed the policies and procedures that Transport for the North has put in place since its inauguration in relation to procurement, financial management and risk management in order to identify areas for improvement.

3.4 In carrying out the annual review, Transport for the North is required to comply with the guidance issued by CIPFA in its guidance "Delivering Good Governance." The guidance sets out six principles of good governance:

A. *Behaving with integrity, demonstrating strong commitment to ethical values and respect for the rule of law*
B. *Ensuring openness and comprehensive stakeholder Engagement*
C. *Defining outcomes in terms of sustainable economic, social and environmental benefits*
D. *Determining the interventions necessary to optimise the achievement of the intended outcomes*
E. *Developing the organisation's capacity including the capacity of its leaders and the individuals within it*

F. *Managing risks and performance through robust internal control and strong public financial management*
G. *Implementing good practices in transparency, reporting and audit to deliver effective accountability*

3.5 The review assesses to what extent Transport for the North can demonstrate that it has acted in accordance with these principles in carrying out its functions over the year 2021/22.

3.6 The report of the review is set out in the Annual Governance Statement which is included within the 2021/22 Statement of Accounts in Appendix 6.

4. Conclusion:

4.1 The corporate governance review has demonstrated that Transport for the North has an effective system of internal controls and that it has acted in accordance with the six principles of good governance during 2021/22. The report of this review is set out in the Annual Governance Statement.

5. Corporate Considerations:

Financial Implications

5.1 There are no financial implications within this report.

Resource Implications

5.2 There are no direct resource implications as a result of the report.

Legal Implications

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

Risk Management and Key Issues

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

Environmental Implications

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

Equality and Diversity

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

Consultations

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

6. Background Papers:

6.1 None

7. Appendices:

7.1 Appendix 6 - The Annual Governance Statement is included within the Annual Statement of Accounts.

Glossary of terms, abbreviations and acronyms used:	
a)	*CIPFA* *Chartered Institute of Public Finance & Accountancy*

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Meeting:	Transport for the North Board
Subject:	Appendix 2 - Audit and Governance Committee Annual Report to TfN Board
Author:	Graham Bell and Cllr Keith Little, Chair and Vice Chair of TfN Audit and Governance Committee
Sponsor:	Paul Kelly, Interim Finance Director
Meeting Date:	Thursday 29 September 2022

1. Purpose of the Report:

1.1 This report updates Transport for the North Board on the work undertaken by the Audit & Governance Committee over the last year.

1.2 The report provides a summary on the Committee's activity against its terms of reference, and its findings against its areas of scrutiny.

1.3 The report concludes with a recommendation for the Board to approve the statutory Statement of Accounts as presented to Board at this meeting.

2. Executive Summary:

2.1 The TfN constitution prescribes the requirement for an Audit & Governance Committee.

2.2 This Committee is comprised of six Members of the TfN Board and four Independent Members recruited on the basis of relevant skills.

2.3 In January 2022, after several years of service, the Chair advised of his intention to stand down. Until a replacement could be confirmed, the Vice Chair, Cllr Keith Little, agreed to act as an interim Chair. At the meeting of 14 July 2022, Graham Bell was confirmed as the new Chair of the Committee.

2.4 The Committee's terms of reference are appended to this report for reference at Appendix 3, but the Committee's principal purpose is to provide independent review and assurance to Members on governance, risk management and control frameworks.

2.5 During the 2021/22 financial year the Committee met five times, with a Chair appointed from its Independent Members. These meetings were a combination of remote and in person.

2.6 Given the environment of uncertainty within which TfN continues to operate, the Committee has placed a higher focus on risk management, with risk being a standing agenda item. In addition, the Committee has continued to focus on gaining assurance as to the existence and efficacy of underlying processes and controls.

2.7 This report notes the progress the Committee has made in discharging its functions and contains a recommendation with regards to approval of the statutory Statement of Accounts.

3. Audit and Governance Committee Progress Report:

3.1 The TfN Constitution prescribes the requirement for an Audit & Governance Committee to support Members in their oversight of TfN's affairs.

3.2 At its meeting of 30 June 2022, TfN Board approved the increase of the number of Members of the Audit & Governance Committee from five to six, supported by four Independent Members appointed by an open recruitment process. The Committee is

chaired by an Independent Member, with the TfN Board Member for Cumbria as Vice Chair.

In January 2022, after several years of service, the Chair advised of his intention to stand down. Until a replacement could be confirmed, the Vice Chair, Cllr Keith Little, agreed to act as an interim Chair. At the meeting of 14 July 2022, Graham Bell was confirmed as the new Chair of the Committee

3.3 Over the 2021/22 financial year the Committee met five times and once subsequently. Meetings have been attended by TfN's internal and external audit providers (RSM and Mazars respectively). At the request of the Committee an invitation to attend has been reconfirmed to DfT and they are anticipated to regularly attend.

Work Plan

3.4 Over the year the Committee has agreed a number of standing items that should be brought before the Committee by officers. These include:

- The Corporate Risk Registers
- Financial Reporting
- Constitution Reviews

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

3.5 The Committee also requires that instances, or suspicion, of fraud and corruption are reported to the Committee directly. No such reports were received in 2021/22.

3.6 In addition to this, the Committee also approved the internal audit programme of activity. This programme has been designed to provide the Committee with the assurance it requires that TfN has implemented a control framework that appropriately manages risk.

3.7 The Committee has received regular updates from internal audit against this plan, and also updates from external audit as they have progressed the statutory audit.

3.8 At the meeting of 10 June 2021, a representative of the Greater Manchester Pension Fund ("GMPF") briefed the committee on the key drivers underpinning the pension numbers and disclosure in the statutory accounts. This briefing, whilst focused on the content and drivers for the 2020/21 accounts, would be relevant for all subsequent years.

3.9 The Committee's activity vis-à-vis its terms of reference is presented in matrix form in Appendix 4.

Internal Audit Activity

3.10 RSM was originally appointed as TfN's internal audit provider in 2018 following a competitive procurement exercise and the service provision was extended for two years to cover the period form 2021-23.

3.11 The Committee agreed the audit programme for the year, concentrating on the implementation of core control frameworks

3.12 RSM was able to provide the following level of assurance in these key areas:

Area	Assurance Level			
	Substantial	Reasonable	Partial	None
Governance Effectiveness		✓		
Risk Management	✓			
Purchase to pay	✓			
Flexitime process	✓			
Cyber Security Review			✓	

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

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

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

External Audit Activity

3.15 Mazars was appointed as TfN's statutory auditor in 2018 via the Public Sector Audit Appointment ("PSAA") process and continued in this role during the year. TfN is intending to continue its sourcing of external auditors through the PSAA arrangement. The PSAA are currently in the process of procuring a solution for the period from 2023/24 onwards.

3.16 Mazars conduct the external audit, as required by statute. This audit considers whether the Statement of Accounts presents a 'true and fair view' of TfN's affairs, and also gives a value-for-money opinion.

3.17 The Committee has received Progress Reports from officers and Mazars throughout the year regarding progress in relation to the completion of the accounts and their subsequent audit and has reviewed the draft unaudited accounts at its meeting of 14 July 2022. At the A&G meeting of 21 September 2022, the Committee considered the findings of the external audit process when formulating their view on whether the Statement of Accounts should be submitted to the TfN Board for approval.

3.18 The Committee noted that the process of finalising the Transport for the North accounts will be completed within the revised deadline of 30 November 2022 and that Transport for the North will use the 29 September 2022 Board to approve the 2021/22 financial statements in advance of that deadline.

3.19 Mazars will only report their audit opinion when they have the pension fund assurance letter from the auditors of the pension fund. However, the Committee had sufficient comfort to recommend the accounts to Board for approval.

3.20 As part of their audit, Mazars are required to consider whether TfN has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, ie value for money.

Risk

3.21 One of the first exercises that the Committee undertook when it was first established was to review and approve Transport for the North's Risk Management Strategy. Subsequently, the Committee has a standing agenda item in relation to risk.

3.22 During the year the Committee has regularly reviewed the Risk Strategy and its output and provided feedback with regard to the presentation of the information provided. The Committee has also requested the Risk Management Strategy places a specific focus on emerging risks and their effect on the risk register. The emerging risk environment is now a standing item reported within each update.

3.23 DfT issued the Integrated Rail Plan in November 2021. This included the transfer of the NPR programme to DfT for development and subsequent delivery. This transfer, in conjunction with the funding allocation confirmed in February 2022, required TfN to reconsider its operating model and reduce its cost base. This presented the opportunity to review and streamline the Risk Management Strategy ("RMS") and its outputs. The revised RMS was presented to the Committee in June 2022 in advance of its subsequent submission to the TfN Board.

Next Steps

3.24 The work programme for 2022/23 is intended to include the following:

- Consider the outputs produced by the Internal Audit plan.
- Monitor Transport for the North's risk management activity.
- Review corporate governance arrangements, supported by an internal audit review, against the Code of Corporate Governance and the good governance framework.
- Based on the level of change faced by the organisation in the past and the rapidly changing environment going forward, the Committee will track progress on delivery against the key budget assumptions.
- The Committee have requested year on year improvements are considered and, where necessary, formally captured.

3.25 The internal audit plan for 2022/23, approved by the Committee in February 2022, includes the following reviews of TfN activity:

- 2021/22 Follow up
- Risk maturity review
- General Data Protection Regulation ("GDPR")
- Payroll
- Health and Safety Framework
- Equality, Diversity and Inclusion framework

The payroll audit has been completed and will be presented for review at the September 2022 meeting.

4. Conclusion:

4.1 Having reviewed the findings of internal audit and the submissions of officers, the Committee can provide assurance to the Board that in the areas reviewed TfN has implemented a sound control framework that appropriately manages risk.

4.2 Having reviewed the Statement of Accounts and received representation from officers and external audit, the Committee commends to the Board the Statement of Accounts as contained in this pack.

5. Recommendations:

5.1 It is recommended that the Board approve the corporate governance review and the Annual Governance Statement.

5.2 It is recommended that the Board notes the recommendation in the Annual Progress Report of the Audit & Governance Committee to approve the Statement of Accounts for 2021/22.

5.3 It is recommended that the Board approve the Statement of Accounts for financial year 2021/22.

6. Corporate Considerations:

Financial Implications

6.1 The financial implications are detailed in the report

Resource Implications

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

Legal Implications

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

Risk Management and Key Issues

6.4 The risks associated with the audits are detailed in the report.

Environmental Implications

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

Equality and Diversity

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

Consultations

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

7. List of Background Papers:

7.1 Transport for the North Constitution (latest copy available on TfN website)Internal Audit Reports to the Audit & Governance Committee (copies available on TfN website):

- Governance Effectiveness Arrangements (16 September 2021)
- Risk Management Framework (16 September 2021)
- Purchase to pay framework (19 November 2021)
- Flexible working hours scheme (19 November 2021)
- Cyber security assessment (25 February 2022)

Progress reports were presented at each meeting

8. Appendices:

Appendix references are listed within the cover report.

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Item 10: APPENDIX 3

Audit and Governance Committee (extract from TfN Constitution)

Statement of purpose

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

Membership comprises:

a) six members of the TfN Board (not the Chair, or Vice Chair) appointed by TfN; and,

b) four Independent members (to be recruited on the basis of relevant skills);

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

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

Terms of Reference

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

a) approve Accounts;

b) recommend Approval of the annual statement of accounts for TfN;

c) governance, risk, and control;

d) review corporate governance arrangements against the Code of Corporate Governance and the good governance framework;

e) review the Annual Governance Statement (AGS) prior to approval to ensure it properly reflects the risk environment and supporting assurances;

f) monitor the effectiveness of arrangements to secure value for money;

g) be satisfied that the assurance framework adequately addresses risks and priorities including governance arrangements in significant partnerships;

h) monitor TfN's risk and performance management arrangements including review of the risk register, progress with mitigating action and the assurance map;

i) consider reports on the effectiveness of internal controls;

j) monitor the anti-fraud strategy, risk-assessment, and any actions.

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Item 10 APPENDIX 4

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

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		Taken together, these reports give the Committee comfort that TfN has embedded a culture of value for money and implemented processes to ensure that those principles are at the heart of decision making.
Be satisfied that the assurance framework adequately addresses risks and priorities including governance arrangements in significant partnerships	✓	TfN is engaged in two principal partnerships, the Rail North Partnership and, up to 31 March 2022, a co-clienting arrangement for the NPR Programme. On 1 April 2022, the NPR programme was transferred back to DfT and a co-sponsor arrangement established with DfT. The ongoing risks to the delivery of TfN objectives that arise from these partnerships are reflected in the Corporate Risk Register Report, which is a standing item on the Committee agenda.
Monitor TfN's risk and performance management arrangements including review of the risk register, progress with mitigating action and the assurance map	✓	The Committee has received risk register reporting as a standing item over the course of the year. The Committee has also commissioned internal audit to independently review risk management arrangements via a deep dive of the register. The Committee requires delivery against internal audit management actions to be reported to it as a standing item to ensure recommendations are progressed.
Consider reports on the effectiveness of internal controls	✓	The Committee approved the internal audit work programme for 2022/23. Internal audit progress is a standing invitee to the Committee's sessions and are required to report on their programme reviews, actions against recommendations, and best practice that could be implemented. The Committee also consider progress reports from external audit which is also a standing item on the Committee's agenda. Representatives from both internal and external audit are present for the entire agenda.
Monitor the anti-fraud strategy, risk-assessment and any actions	✓	A review of the Anti-Fraud and Corruption policy was carried out by the Committee during 2021/22, as part of the consideration of the Annual Governance Statement. The Annual Governance Statement is reviewed by the A&G Committee each year and submitted to the Board for formal approval prior to its inclusion in the Statutory Accounts.

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Meeting:	Transport for the North Board
Subject:	Appendix 5 - Statement of Accounts and Audit Opinion 2021/22
Author:	David Spilsbury, Interim Financial Controller
Sponsor:	Paul Kelly, Interim Finance Director
Meeting Date:	Thursday 29 September 2022

1. Purpose of the Report:

1.1 To provide a summary of the production, audit, and scrutiny of the Statement of Accounts;

1.2 Note the audit completion report from Mazars which offers an unqualified opinion on the Accounts; and

1.3 Note the recommendation from the Audit and Governance Committee for the Board to approve the Statement of Accounts.

2. Recommendations:

The Board is recommended to:

2.1 Note that TfN's draft statement of accounts was laid open to public inspection for the statutory period without objection being raised;

2.2 Note the clean, unqualified audit opinion as offered by Mazars, the statutory external auditor;

2.3 Note the role performed by the Audit and Governance Committee supporting the Board in their approval of the Statement of Accounts for 2021/22; and

2.4 Approve the Statement of Accounts for 2021/22.

3. Main Issues:

3.1 In common with partner authorities TfN is required to publish an Annual Statement of Accounts, Appendix 6 and an Annual Governance Statement in compliance with statutory regulation and relevant professional standards.

Under the Transport for the North constitution the Board are 'those charged with governance.' This function requires the Board to:

- make arrangements for the proper administration of its financial affairs;
- appoint an officer to take responsibility for those affairs (the Finance Director);
- manage its affairs to secure value-for-money; and,
- formally approve the Accounts in session, within the prescribed timeline.

The Board are supported in the formation of this decision by the work of the external auditors and their findings presented through the statutory report, and also the recommendation of the A&GC following its scrutiny.

The report of the external auditor is appended to this report. Appendix 7, whilst the Annual Report of the Chair of the A&GC is also presented at this meeting, Appendix 2.

Acknowledging officer responsibilities for the veracity and proper preparation and presentation of the information within the accounts, the Finance Director, as statutory finance officer, is required to sign the Accounts.

The Chairman, as the representative of the Board, is also required to sign the accounts to certify that the Board has formally approved them. Both the Chairman and the Chief Executive, as Head of Paid Service, are also required to sign the Annual Governance Statement which forms part of the Accounts documentation.

3.2 The statutory finance officer approved the publication of TfN's draft Statement of Accounts on 7 July 2022. The Accounts were then laid open to public inspection from 26 July to 6 September in accordance with statutory regulation.

Whilst all supporting documentation is also available for inspection if requested, no requests for such information were made.

3.3 Under TfN's constitution the Accounts are reviewed by the A&GC who are then required to offer an opinion to the Transport for the North Board. TfN Board, as 'those charged with governance,' are required to approve the Accounts. Under the relevant regulations, the accounts have to be completed and approved no later than the 31 July (i.e. within four months of financial year-end). In recognition of the disruptive effect of the Covid 19 pandemic, the approval date for the 2021/22 Accounts has been extended to 30 November 2022.

The Committee are supported in this oversight by the statutory external auditors. The Committee approved TfN opting into the Public Sector Audit Appointment process, with Mazars being appointed as the external auditor.

The A&GC formally reviewed the draft accounts in sessions on the 14 July 2022 and 21 September 2022.

At the latter session Mazars provided an audit completion report which supported an unqualified audit opinion. This opinion covers both whether the accounts offer a 'true and fair view' of TfN's financial affairs over the period and whether the organisation's governance, processes, and structures support statutory value-for-money considerations.

Following the issue of the draft audit completion report and its own scrutiny, the A&GC have indicated they are content for the Board to approve the Statement of Accounts for 2021/22.

4. Corporate Considerations:

4.1 *Financial Implications*

There are no financial implications within this report.

4.2 *Resource Implications*

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

4.3 *Legal Implications*

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

4.4 *Risk Management and Key Issues*

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

4.5 *Environmental Implications*

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

4.6 *Equality and Diversity*

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

4.7 *Consultations*

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

5. Background Papers:

5.1 Audit & Governance Committee 14 July 2022 – Draft Statutory Accounts

5.2 Audit & Governance Committee 16 September 2022 – Year End Statutory Accounts

6. Appendices

6.1 Appendix 6 - Statement of Accounts 2021/22

6.2 Appendix 7 - Audit Completion Report - Year ended 31 March 2022

Glossary of terms, abbreviations and acronyms used	
a) A&GC	*Audit & Governance Committee*
b) TfN	*Transport for the North*

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Transport for the North Statement of Accounts 2021/22



TRANSPORT FOR THE NORTH

Contents

Narrative Report 1
Statement of Responsibility for the Accounts... 22
Comprehensive Income and Expenditure Statement 23
Movement in Reserves Statement 24
Balance Sheet..... 25
Cash Flow Statement..... 26
Notes to the Accounts..... 27
Annual Governance Statement 2021/22 54
Glossary..... 72
Independent Auditors' Report 78

Narrative Report

Organisational Overview and External Environment

Our Purpose

Transport for the North (TfN) is a statutory body of elected leaders and senior business representatives from across the North. Collectively, our members represent all the region's 15.4 million citizens and provide 'one voice' for the North on transport matters.

TfN is a symbol of the North's ambition and represents unprecedented collaboration toward a shared goal – to drive inclusive and sustainable economic growth and quality of life. We do this by identifying, making decisions on and planning the strategic transport infrastructure required to deliver an economic step change for the North. One that will leave a lasting legacy for future generations.

On 1 April 2018, after receiving parliamentary approval, we became a statutory body, the first of its kind in England.

The statutory powers that have been granted allow and empower us to:

- Develop and implement a Strategic Transport Plan for the North of England;
- Act as 'one voice' for the North, clearly communicating pan-Northern priorities to the Secretary of State for Transport;
- Coordinate and deliver smart ticketing systems across the North;
- Become a statutory partner in road and rail investment decisions, through the Rail North Partnership and Highways North Board;
- Oversee (jointly with the Department for Transport (DfT)) franchised rail services covering Northern and TransPennine Express franchises;
- Promote highways improvements of Northern significance, with the agreement of Government and relevant local transport and highway authorities; and
- Prioritise investment on the transport network.

Our primary function is to develop a long-term transport strategy for the North of England that will help to rebalance the UK economy and drive economic growth in the region. This has been done in the form of the Strategic Transport Plan published in 2019 – a robust blueprint to guide investment over the next 30 years.

Achieving statutory status was a landmark moment for devolution to our region. It ensures that Government is legally obliged to take into account the North's priorities when making transport infrastructure investment decisions.

Vision & Objectives

Our vision is of a thriving North of England where world class transport supports sustainable economic growth, excellent quality of life and improved opportunities for all.

We are making the case for strategic transport improvements across the whole of the North, which are needed to drive sustainable and inclusive transformational economic growth to rebalance the UK economy. We are doing this by looking at how poor transport infrastructure is holding back the North's economic potential, to provide an evidence-based case for investment.

By connecting the key economic areas of the North, we will drive growth, improve access to jobs and ensure the North is a great place to invest and live.

Our Plan

In February 2019, we published our Strategic Transport Plan (STP), which outlined our vision for a future transport network that would enable sustainable economic growth across the whole of the North.

Accompanying the STP is an ambitious, but deliverable, Investment Programme that will improve our roads and railways, ensuring we address the historic gap in investment and support the transformation of the North's economy.

Our initial ambitions in preparing the Strategic Transport Plan were determined by three core drivers:

1. Pursuing greater economic prosperity and wellbeing for those who live and work in the North
2. Connecting the key economic areas of the North will drive growth, improve access to jobs and ensure the North is a great place in which to invest and live
3. Identifying, making decisions on, and planning the strategic transport infrastructure required to deliver an economic step change for the North

The submission of our Strategic Transport Plan saw TfN fulfil one of the key functions under our statutory powers and marked a pivotal moment for the North. For the first time, the North has an investment blueprint – backed by our civic and business leaders – aimed at unleashing new levels of opportunity for future generations.

Building on Success

TfN has established itself as a regional centre of excellence for strategic transport planning, our award-winning Strategic Transport Plan and Future Travel Scenarios work testament to the quality of our work and the leadership we provide. The capability and capacity provided by TfN is greatly valued by its members and is seen as something that needs to be retained and nurtured.

The 2022/23 Business Plan builds on those foundations and ensures that the new operating model is focused on being:

- A centre of technical excellence for the North – holding and collating information and analytical tools that are available to all partners
- A sourced of trusted information – one that is available to all our partners locally, regionally, and nationally as a foundation on which to develop solutions
- A strategic thought leader and champion of strategic transport planning – one that ensures the linkages between transport, digital and energy systems are reflected in decision making
- An enabler of accelerated delivery – applying our capability and capacity in support of our partners as they bring forward solutions for implementation
- A trusted collaborator – working with partners (nationally and across the North) in order to maximise the leverage of its own activity to the benefit of our communities and businesses.

Moving forward TfN will be a smaller, leaner organisation. TfN will focus on its core role and responsibilities, as part of which it will develop its ability to support its partners as they turn strategy into delivery on the ground.

TfN's analytical capability is unique amongst Sub-national Transport Bodies. It remains central to the work underway, led by the DfT, to develop the Business Case for Northern Powerhouse Rail. It is a capability that our partners across the North are increasingly looking to make use of and we will work with them to develop the working arrangements that will enable this to happen.

In the immediate aftermath of the pandemic public finances are under increased pressure. This makes it essential for TfN to continue to use its knowledge and evidence base to demonstrate how investment in the North's transport system remains central to enabling its communities and businesses realise their potential.

At the same time TfN's work on the first Strategic Transport Plan, together with more recent work, serves to demonstrate the need for a step change in investment in the North's transport system. TfN will continue to make the case for the North's needs to be better reflected in national investment programmes.

TfN's approach, which is grounded in its understanding of the North's transport system and its future needs, enables the Board to take informed decisions. Fundamentally though there remains the need to ensure that those decisions are affordable. In this context TfN will continue to make the case for a regional indicative funding envelope for the North, one that enables the TfN Board to give better advice to Government.

Summary of activity in 2021/22

Throughout the past year TfN has continued to demonstrate our inherent strengths as an organisation. Last year we:

- Agreed with the TfN Board the programme of work required to review and update the Strategic Transport Plan
- Began work to support the updating of the Strategic Transport Plan, including work associated with the review of the Northern Powerhouse Independent Economic Review
- Published our Regional Decarbonisation Strategy – the first such regional strategy in the country
- Worked with partners through the Regional Steering Group to develop the EV Charging Infrastructure evidence base
- Worked with partners to develop the evidence base on Transport Related Social Exclusion
- Consulted on our draft Freight and Logistics Strategy – including for the first-time use of a virtual 'consultation room'
- Submitted an update on progress with delivery of the Major Road Network to the Department for Transport
- Agreed with the TfN Board a response to the Williams-Shapps Review and agreed an approach to developing a Northern 'proposition' for implementing rail reform
- Submitted statutory advice ahead of the publication of the Integrated Rail Plan on TfN's preferred network and way forward
- The TfN Board considered and responded to the publication of the Integrated Rail Plan
- Worked as part of the Manchester Recovery Task Force to develop a 'blueprint' that aligns infrastructure and service changes – and then began to apply the experience gained to consideration of issues relating to the East Coast Main Line
- Continued to work as part of the Rail North Partnership to ensure that the North's priorities are reflected in the Business Plans of Northern and TPE
- Worked with partners across the North to define the scope of work for a Connected Mobility Strategy
- Worked collaboratively with the six (non-statutory) Sub-national Transport Bodies on issues of common interest.

Summary of proposed activity in 2022/23

The investment made in TfN to date has developed a capacity and capability that is technically at the leading edge of strategic transport planning nationally. The 2022/23 Business Plan looks to build on that investment to the benefit of all TfN partners (nationally and regionally). In 2022/23 we will:

- Complete and publish the updated Northern Powerhouse Independent Economic Review
- Prepare the draft of the revised Strategic Transport Plan and publish it for consultation
- Complete an Environmental Impact Assessment of the revised Strategic Transport Plan and publish it for consultation as supporting documentation
- Consider and respond to the Government's proposals in response to the Union Connectivity Report – continue to build stronger working relationships with the devolved administrations in Scotland and Wales
- Continue with the implementation of the key actions set out in our Regional Decarbonisation Strategy, including developing proposals for a North of England Hydrogen infrastructure, and continuing with the development of our Clean Mobility Visions
- Work in support of partners in the application of the EV Charging Infrastructure evidence base to underpin proposals seeking investment funding

- Complete and publish the on-going research into Transport Related Social Exclusion, and health and well-being
- Publish our Freight and Logistics Strategy and work with the sector to take forward key actions identified in it
- Contribute to National Highways programme of Route Strategies and support their input into the development of the Road Investment Strategy (RIS3)
- Continue to support National Highways in the delivery of schemes identified in RIS2 and support partners with the delivery of schemes in the Major Road Network programme
- Complete development of a Northern proposition for implementing rail reform and use this to shape the legislative framework for GBR
- Through the Co-Sponsor role support the development of the Business Case required to secure funding identified in the Integrated Rail Plan – including delivery of technical support from TAME as required by the Department
- Continue to contribute to the work of the Manchester Recovery Task Force and the development of the 'blueprint' for the East Coast Main Line
- Work with the Department to ensure the Sheffield to Leeds study identified in the Integrated Rail Plan is taken forward at pace
- Work through the Rail North Partnership to ensure that train operators' business plans continue to reflect the North's priorities and to identify opportunities to make progress on workforce reform that enhances the customer experience
- Prepare and secure the agreement of the Board to publish a Connected Mobility Strategy for the North
- Work with partners to support the delivery of their Bus Service Improvement Plans
- Continue to work collaboratively with the six (non-statutory) Sub-national Transport Bodies on issues of common interest
- Plan for and deliver the second STB national conference in partnership with the other STBs
- Complete the reshaping of TfN and put the organisation on a stable footing.

Governance

Transport for the North is England's only sub-national transport body set up as a statutory public authority, a unique arrangement that sees Northern elected leaders and Local Enterprise Partnerships (LEPs) working together to speak to central government with a united voice.

Our Partnership Board is made up of elected and LEP representatives from all areas of the North, along with the Secretary of State for Transport and representatives from Highways England, Network Rail and HS2 Ltd. This body along with the rest of TfN's governance arrangements allows the North to speak with one voice on the transport infrastructure investment needed to boost the North's economy.

After nearly six years of service John Cridland CBE, TfN's Chair, indicated to the TfN Board on 9 June 2021 his intention to retire from the role. The board thanked John his work on behalf of TfN and his substantial contribution to the organisation since 2015. Councillor Louise Gittins as Majority Vice Chair acted as the Interim Chair until a new Independent Chair, Lord Patrick McLoughlin replaced John Cridland from early 2022, following a publicly advertised recruitment process.

The Partnership Board provides advice to the main decision-making body: the Transport for the North Board.



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

Our constituent authorities increased from 19 to 20 in total, reflecting the creation of the North of Tyne Combined Authority and the North East Combined Authority (South of Tyne) from the former North East Combined Authority.

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

How we make decisions

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

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

Transport for the North Board and Committee Structure

Advisory Board

Partnership Board Membership

> Independent Chair
> Constituent Authority representatives
> LEP representatives
> DfT representatives
> Rail North authorities
> National Highways representative
> Network Rail representative
> HS2 representative
> TUC representative
> Passenger, environmental & disability group representatives

Decision-making Board

TfN Board Membership:

> Constituent Authority representatives
> Co-opted Independent Chair of the Partnership Board
> Co-opted additional Rail North authorities outside of the TfN area
> Co-opted LEP representatives
> Co-opted National Highways representative
> Co-opted Network Rail representative
> Co-opted HS2 representative

Rail North Committee Membership:

> Constituent Authority representatives
> Additional Rail North authorities outside of the TfN area

Governance Committees

Audit & Governance Committee Membership:

> 6 Members of TfN's Board
> 4 Independent Members
> 1 observer from DfT

Scrutiny Committee Membership:

> Constituent Authority representatives

General Purposes Committee Membership:

> 10 Members of TfN's Board
> 1 LEP representative

Business Model & Performance

TfN is a single-entity organisation, meaning we do not have a group-structure.

Our Business Plan for 2021/22, published in April 2021, set out TfN's Strategic Objectives and commitments for the year. That Business Plan can be downloaded here:

https://transportforthenorth.com/reports/business-plan-2021-22/

Since 2017 we have adopted a framework to monitor and measure the progress and performance of TfN and ensure that we provide value for money. This framework focuses on two areas of performance:

1. Organisational Key Performance Indicators: these indicators measure our performance in the establishment of TfN as a Sub-National Transport Body and planning for the future. This includes ensuring we have the right capability and culture to deliver our vision.
2. Programme Key Performance Indicators: these indicators measure the performance of all our work programmes. There are four measures used to monitor the performance of our programme delivery: project scope; meeting programme objectives; milestone delivery; and budget. These are reported internally to our boards and externally through the Business Plan to demonstrate progress achieved in the previous year.

Delivering on Our Objectives

Our Values and Behaviours

Our values

Developed with our employees, our values and behaviours underpin our unique culture and ways of working. They influence how we operate as individuals and as an organisation, creating an agile and dynamic working environment where employees are trusted, valued and invested in.

We make a difference

We do the right thing

We are driven to succeed

We collaborate

Our core behaviours

Cultivate innovation - Creating new and better ways for the organisation to be successful.

Ensure accountability - Holding self and others accountable to achieve results, even under challenging circumstances.

Collaborate - Building partnerships and working collaboratively with others to meet shared objectives.

Instill trust - Gaining the confidence and trust of others through honesty, integrity and authenticity.

Financial acumen - Interpreting and applying understanding of key financial indicators to make better business decisions.

Health and Safety

Health and Safety continues to be the cornerstone of TfN's strategy for improving the wellbeing of staff. This area of activity offers an enhanced level of resilience in providing a suitable, fit for purpose facility and associated facilities management advisory and support service.

Our approach fulfils our statutory obligations by effectively providing a framework for securing the wellbeing of our employees and others who could be affected by our actions. The appointment of a 'competent person' combined with a contracted support service offering means that the majority of Health and Safety matters, training programmes for employees and contractors, and proactive risk management, can be effectively managed/delivered flexibly to recognised standards in-house.

This approach provides the right level of engagement across a variety of stakeholders, creating knowledge and awareness of health and safety risks, and encouraging behavioural change through assessments and direct interventions including inspections and investigations, but we must continue to evolve our approach to face fresh challenges or to address existing problems in new ways such as those presented as a result of the recent Covid-19 pandemic.

Our People: TeamTfN

Central to the success of our shared Northern goal is our team. We are proud of the talented, bright minds we attract and retain. Through our values-driven culture and shared goals, our diverse and dedicated employees are quick to adapt to the changing landscape in which we operate. We arm them with the tools and support to do so.

We are now in our fifth year of being an employer in our own right (since gaining statutory status). As such, our comprehensive suite of employment policies are now further developed and embedded and we continue to build our reputation as a best practice employer.

At the heart of this is our People Strategy, an all-encompassing plan that aims to ensure we have the right people, at the right time to deliver our organisational goals. This covers nurturing talent and rewarding our teams, as well as listening to their needs and responding where necessary - all of which are underpinned by our values of making a difference; collaborating; doing the right thing; and being driven to succeed.

This commitment to being among the best was demonstrated by our full membership of Greater Manchester Good Employment Charter – an initiative aimed at developing good jobs and more opportunities for people to progress.

We hold ourselves to the same high standards as our peers across the North. As well as being an accredited Living Wage employer – an expectation of which extends to our supply chain - we are also an agile organisation, adopting family friendly working practices that mean our teams can work in different locations and at flexible times. Such agile and remote working practices mean we attract and retain talent from across the whole of the North. In return, we get the best out of people with a diverse range of backgrounds and experiences. Recognising that everyone has the ability to shape and improve our organisation is a fundamental principle. The importance of our employee voice is enshrined in our established Employee Forum and effective line management. Linked to this is our recognition of UNISON, with whom we regularly collaborate to support our teams regarding working practices and ensuring we always do the right thing.

Building on our status as Disability Confident employer, we have also established a Diversity sub-group – made up of employees - to make sure we reflect, embrace and celebrate the North's differences, and equip our teams to do so in practical ways.

Our TfN vision is based on creating opportunities. It is therefore only right that we hold true to this internally. We have transparent career pathways in place to unlock opportunities and give our people chance to grow with us. This complements the robust evaluation, reward, development and pay practices that nurture individuals in their career progression.

We embrace and open the door for the next generation of talent too. Our apprenticeships scheme provides school-leavers with the opportunity to develop in high-skilled and rewarding roles. We are extremely proud of what our apprentices have achieved, with many going on to other opportunities within TfN, broadening their skillsets and experience.

Our Resourcing Plan:

As agreed by our Members, to maximise value for money we continue to minimise our reliance on external consultants' posts, wherever possible. This gives us certainty over resources and the balance of skillsets we can deploy. However, we are mindful of both the length of time needed to fill roles and the funding conditions within which we operate.

TfN is funded almost wholly by Government and continuing uncertainty during 2021/22 over future funding, caused some of our planned activity to slow down or be rescheduled. Therefore, much of last years planned recruitment was put on hold. As a result. TfN's staff numbers varied between 105-110 in the second half of the year, averaging 25-30 vacant posts.

Following confirmation of our budget settlement for 2022/23 which will require a cost reduction of circa 39%, alongside the TUPE transfer of the co-client North Powerhouse Rail Team (circa 17 Posts) to the DfT in April 2022 following publication of the Integrated Rail Plan, has naturally shaped our approach to resource planning. This is all at the same time of ensuring we continue to progress and organise ourselves to best meet our organisational priorities and objectives, which are directed and approved by TfN's Board.

Our approach to people resourcing reflects these financial constraints, with a circa 25% reduction in our established posts alongside a review and re-alignment of our Senior Management Structure which will be implemented during quarters 2 and 3 of this financial year.

We have sought to manage this reduction, from 137 established posts in 2021/22 to 103 posts in 2022/23, through removal of vacant posts where possible. However, the scale of reductions and re-organisation required will necessitate both voluntary and compulsory redundancies. Our proposed establishment for 2022/23 is:

	Permanent Posts (FTE)	**Fixed-Term Posts (FTE)**	**Total Posts (FTE)**
Core TfN Operations			
Operational Services	41 (40.84)	1 (1.00)	**42 (41.84**)
Support Services	20 (20.00)	-	**20 (20.00)**
Total	**61 (60.84)**	**1 (1.00)**	**62 (61.84)**
Hosted (Non-Core Funded) Services			
Rail North Partnership	14 (14.00)	3 (3.00)	**17 (17.00)**
NPR TAME Modelling Team	9 (8.80)	15 (15.00)	**24 (23.80)**
Total	**23 (22.80)**	**18 (18.00)**	**41 (40.80)**

As we look to re-align our resources, we plan to maintain resource levels across operational delivery areas and increasingly utilising our in-house skills and capabilities to reduce our dependency on external consultancy support. At the same time resource level across our support services will reduce to reflect the reduction in overall size and complexity of TfN's operations and programmes. As detailed in the table above, circa 40% of TfN's total establishment will be accounted for by hosted (non-core funded) service roles.

TfN's Business Plan outlines how we will mitigate these challenges on our resources, while meeting the ambitions of our partnership. While this may not be at the full scope we would have hoped, it illustrates the pressing need to work closely with Government in 2022/23 to re-establish a multi-year funding settlement to support TfN's progression ahead of the next Spending Review, anticipated for 2024.

Our Funding

TfN has no powers to raise money from precepts and levies as most comparator transport authorities do. Instead, almost all of our funding is received in the form of grants from the DfT. This is reflective of the fact that TfN has, in the main, drawn down powers from central government that were previously funded through general taxation.

Each year, the DfT provides a general 'Core' funding grant that enables us to deliver on statutory obligations, to provide good governance and value for money, and fulfil our commitment to evidence-based decision making, whilst also resourcing some development activity. In addition, grant funding is also received in the form of discrete grant ring-fenced to specific areas of activity.

Aside from this 'Core' grant and the Rail North grant that is made available to us to discharge our statutory functions, we earn grant support through bidding into the Department for development resources or passing business case gateway reviews to unlock funding for the delivery projects.

Where ring-fenced grants are unused, any unspent funding at the point that activity is completed will be returned to the DfT. Unused 'Core' grant allocations are taken to reserves and used to fund future period activity, reflecting that there are often timing differences between funding being provided and funding being required.

At the beginning of the year the DfT made grant available in 2021/22 to resource our opening gross base budget of £78.70m:

Resource	**£m**
Core Revenue Grant	6.00
General Fund Core Grant Reserves	2.54
Rail North Grant & Contributions	1.32
Contracted Income	0.32
Integrated and Smart Ticketing Grants	1.52
Transport Development Fund	48.48
	60.18
- Contingency Envelopes	18.52
Net Resource Requirement	**78.70**

Our Medium-Term Financial Plan

All local government bodies – including Transport for the North – are required to operate to a locally defined reserves strategy that ensures the organisation always holds a prudent level of reserves. A prudent reserve strategy is particularly important to us as an organisation as we have few other levers to mitigate financial risk. We cannot access credit for short-term cash flow management or long-term investment, nor can we levy or precept upon a local tax base to underwrite our operations.

As noted above, most of our programme funding can only be drawn down as and when it is required, while most is ringfenced for the purpose for which it has been allocated. This means that our reserve strategy must be managed in conjunction with the use of the annual core grant allocations, as core grant is the only discretionary resource we hold that can fund any and all expenditure.

We have planned ahead based upon a 2021/22 year-end total reserve balance of £4.6m.

Based on the new operating model, which places more emphasis on investing in retaining TfN's technical capacity and capability, a subsequent reduction in commissioned activity and the challenge of unindexed grant allocation with a cost base subject to inflationary pressure, our strategy retains the requirement for a minimum reserve of £2m. If longer term funding arrangements align to the cost base associated with the new operating model, TfN would be able to reassess its reserves strategy including the required minimum.

Risk management

We have developed risk management processes through which we identify and address the risks associated with each programme of activity. We have adopted a Risk Management Strategy using industry best practice to create a framework within which risks are identified and evaluated prior to mitigation plans being put in place. Programme and corporate risks are monitored regularly - risk is a standing item on the Audit and Governance Committee agenda, and the Corporate Risk Register is provided twice each year to the Transport for the North Board.

Measuring our success in 2021/22

Qualitative Performance

In our 2021/22 Business Plan we set 26 Key Performance Indicators (KPIs) to ensure a culture of accountability and excellence for our organisation and our partners.

The KPIs were developed by:

- Reviewing our strategic, organisational and programme level objectives
- Understanding the actions needed to deliver those objectives
- Developing indicators to demonstrate the extent to which our actions are delivering changes
- Developing metrics to ensure that the changes can be measured

We have monitored our performance against these KPIs using a combination of qualitative and quantitative measures. The below table outlines the programme and organisational KPIs and provides a summary of progress. TfN continues to assess the implications of the Integrated Rail Plan for the delivery of KPIs in relation to the Northern Powerhouse Rail programme.

Key	Number of KPIs with this status
Achieved (complete)	**19**
On Track (in progress, no delays)	**0**
In Progress (in progress, may become delayed)	**0**
Delay (has missed a key deadline)	**0**
Delay BTYE (delayed beyond this year end)	**4**
Not Started	**3**

Area	KPI	Detail	Progress	Status
Strategic Rail	1	Demonstrate clear Northern input in supporting and developing return to rail initiatives across the North to rebuild passenger numbers and aid economic recovery. March 2022	Achieved Messaging and communications will continue to promote safe use of public transport. The team is working with Train Operating Companies identifying ticketing/marketing/offers to rebuild confidence, attract passengers back, and entice new passengers when appropriate.	
Strategic Rail	2	Deliver plans for rail hub enhancements around two major stations to maximise the potential of the network. October 2021/February 2022	Delay BTYE Work was undertaken on developing a Strategic Outline Business Case for a radical plan for Leeds station, with the delivery of an economic case by Atkins. However, following publication of the IRP, this workstream will now be incorporated into a larger study of Leeds led by Network Rail. Therefore, a second Hub Delivery Plan (for Carlisle) began in December 2021.	
Strategic Rail	3	Demonstrate meaningful and beneficial engagement for the North on rail reform within three months of publication of the Williams White Paper. September 2021	Achieved A draft formal response was agreed with by Transport for the North Board in September. The Transport for the North Board agreed that TfN's future role in the railway should be centred on four pillars where TfN adds the most value to the industry structure. This has already formed the basis of discussion between TfN officers and the industry to shape the next phase of work with the GBR Transition Team.	

Strategic Rail	4	Further embed the TfN rail journey time improvement initiative with Network Rail to deliver better reliability on at least two rail routes during 2021/22. March 2022	Delay BTYE Network Rail is now fully engaged with the Theoretical Line Speed process and is progressing and funding the delivery of the line speed improvements on the Darlington – Bishop Auckland and York – Scarborough routes. The York – Scarborough route is progressing but will not be fully delivered by March 2022 due to lack of capacity within Network Rail.
Strategic Rail	5	Pursue the digital transformation of fares, ticketing and information through collaboration and the development of business cases across the North and/or through national rail reform. March 2022	Achieved Policy statement on contactless capping endorsed by Executive Board on 9 December. Bus Service Improvement Plans collated, and areas of digital collaboration identified. Northern Digital Mobility Strategy is planned for Transport for the North Board on 30 March 2022.
Strategic Rail	6	Continue to use TfN's existing powers and role in the Rail North Partnership to deliver the best outcomes for passengers, within the financial and legacy infrastructure constraints, by influencing train operators and major programmes including TRU and central Manchester. March 2022	Achieved TfN is actively using its powers and voice to get a better outcome for passengers in central Manchester, for example by working collaboratively with DfT to secure the right infrastructure and services for Manchester.
Northern Powerhouse Rail	7	Completion and submission of the Strategic Outline Case, timescale to be agreed following publication of the Government's Integrated Rail Plan. TBC post-IRP	Delayed BTYE The DfT asked TfN to delay submission of the SOC until after the publication of the IRP. DfT subsequently confirmed that it intends to complete the SOC in 2022.
Northern Powerhouse Rail	8	Reconfirm NPR phasing plan in response to Government's Integrated Rail Plan. TBC post-IRP	Not Started Final phasing position in the SOC will be led by DfT and awaiting clarification regarding the co-sponsor arrangements to enable TfN to feed into phasing.
Northern Powerhouse Rail	9	Complete initial survey work and commence OBC on early accelerated projects to start construction in FY 2024/25. September 2021	Achieved Survey works completed in February 2022, bringing this workstream to a close. Development of business cases is no longer the responsibility of TfN, with transition to single client post IRP.
Northern Powerhouse Rail	10	Initiate additional survey work and commence Outline Business Case on early accelerated projects to enable delivery partners to start construction in 2024/25. January 2022	Not Started Surveys and OBC development are no longer the responsibility of TfN with the transition to single client.
Northern Powerhouse Rail	11	Agree NPR governance arrangements with DfT as programme transitions to the next stage. TBC post-IRP	Achieved The IRP sets out the Government's intention to replace co-clienting with a co-sponsorship governance arrangement. Arrangements for the joint sponsor board were agreed by the Board in March 2022.
	12		Achieved

Investment Programme Benefits Analysis		Commission the Investment Programme Benefit Analysis work and deliver the programme up to the Gateway Review. September 2021.	The GPR is now complete. The GPR has identified minor changes to be introduced to the project scope and re-baselining of the project programme.
Investment Programme Benefits Analysis	13	Subject to Gateway Review, complete work on the Investment Programme Benefit Analysis which will be used as the evidence base for the next STP. March 2022	Achieved Due to the significant changes in the rail network published in the Integrated Rail Plan, further work to assess the impacts of this on the TfN Investment Programme will be required next financial year, subject to business planning. The IPBA project work has been delivered and the interim SPOC, setting out the benefits analysis of the current Investment Programme, will be completed in Spring 2022.
Major Roads	14	Produce a robust evidence base monitoring performance and types of journey on the MRN. This will support analysis of the impacts of Covid-19 to monitor and evaluate outcomes including changes in travel patterns and behaviours. October 2021	Achieved The mobile data project for the 2020 dataset is complete.
Major Roads	15	Publish the updated Major Roads Report, following DfT publication of the national Transport Decarbonisation Plan and TfN's Transport Decarbonisation Strategy. October 2021	Achieved The MRR was approved at Transport for the North Board on 24 November.
Major Roads	16	Use our evidence base to work with National Highways and DfT to identify TfN's priorities to be considered as part of DfT's Road Investment Strategy 3. March 2022	Achieved This KPI is complete for 2021/22. TfN's evidence has informed the development of NH's route strategies. TfN will continue to work in close partnership with NH in 2022/23.
Major Roads	17	Work with our partners and DfT to scope out how TfN can best support plans for an integrated electric vehicle and/or hydrogen charging infrastructure network, supporting all communities in the adoption of low and zero emission vehicles. March 2022	Achieved The EV Charging Infrastructure (EVCI) project has completed its first phase work with strong industry and partner support for the initial outputs. The conclusions were presented at the Transport for the North Board in March. In addition, strong partnerships have been established to take forward work on hydrogen fuelling networks in 2022.
Major Roads	18	Continue to work with DfT's Acceleration Unit to ensure their awareness of the schemes identified in TfN's Economic Recovery Plan for their consideration of accelerating delivery. March 2022	Achieved TfN have met the Acceleration Unit twice to discuss opportunities to accelerate schemes. .
	19		Achieved

Strategy, Policy and Research		Consult on the draft Decarbonisation Strategy and seek adoption by the Transport for the North Board in Autumn 2021. November 2021	The final strategy was adopted by Transport for the North Board on 24 November and published on 8 December 2021.
Strategy, Policy and Research	20	Agree a plan to adopt a new Strategic Transport Plan by 2024, and commence a new NPIER programme as a first step. October 2021	Achieved Principals of the proposed programme were taken through TfN governance in September 2021 and agreed by the Transport for the North Board on 29 September 2021. The first steps in the new NPIER programme have now commenced.
Strategy, Policy and Research	21	Progress the advanced prioritisation mechanisms set out in the Northern Transport Charter, including analytical tools to allow prioritisation on a wider basis (economic, social, and decarbonisation) and independent assurance arrangements. March 2022	Delayed BTYE While significant progress has been made in advancing the Northern Transport Charter, the work on prioritisation and implementing independent assurance arrangements has been delayed into the first quarter of 2022/23.
Strategy, Policy and Research	22	Consult and adopt the TfN Freight & Logistics Strategy and work with the industry to agree implementation arrangements. December 2021	Achieved The final strategy was adopted by Transport for the North Board on 3h March 2022 and will be published in May/June 2022 following the end of local election period.
Strategy, Policy and Research	23	Provide input into the final stages of the Union Connectivity Review and respond on its publication. September 2021	Achieved TfN submitted a formal response into the Call for Evidence in December 2020. The final report was delayed and published in late November 2021. The Board has responded positively to the publication.
Corporate	24	Develop and provide a Comprehensive Spending Review submission to Government. In line with timetable set by Government	Achieved TfN's Spending Review submission was made to DfT on 9 September 2021.
Corporate	25	Feed into emerging procurement practice as the UK's current 'EU style' regime is updated and look at opportunities to further increase social value. March 2022	Delayed BTYE TfN are operating in accordance with the latest UK Government Procurement Policies; procurement guidance documents will be updated to reflect changes. Opportunities to increase Social Value will be considered on an ongoing basis.
Corporate	26	Implement and further develop the agreed new Ways of Working, to include physical office design, office and remote working, corporate and constitutional meetings and IT strategy. Within three months of return to office	Achieved TfN fully implemented its agreed hybrid ways of working to time and budget. Our new ways of working have been underpinned by the physical re-design to our Manchester and Leeds offices which was fully completed September 2021. TfN constitutional meetings in the main moved to "in-person" meetings from September 2021.

Financial Performance 2021/22

Summary

In delivering the activity outlined in our qualitative performance we incurred expenditure of £52.33m. This is lower than our budget (net of contingency) estimate of £60.18m, and principally relates to changes in the scope of programmes. Our financial performance over the course of the year can be summarised as follows:

Total Net Expenditure	Actual £m	Budget £m	Variance £m
Revenue Programmes:			
Northern Powerhouse Rail	41.44	48.48	7.04
Major Roads	1.75	1.65	(0.10)
Integrated & Smart Ticketing	0.90	1.23	0.33
	44.09	51.36	7.27
Capital Programmes:			
Integrated & Smart Ticketing	0.18	0.29	0.11
Rail Operations	2.93	3.16	0.23
Operational Areas	5.13	5.37	0.24
	52.33	**60.18**	**7.85**

The reconciliation between this outturn and the CIES, which relates to statutory year-end adjustments, is detailed below.

Underspend in the Northern Powerhouse Rail (NPR) programme was driven by a lower level of activity as a result of uncertainty pending the publication of the IRP. Underspend in the Integrated & Smart Ticketing (IST) programme was driven by a combination of lower than anticipated costs to complete programmes and curtailment of activity due to withdrawal of ongoing funding.

Where planned activity has now fallen into future financial periods, we have either reallocated in-year resource to other unfunded priorities or held over resource to future financial periods to be matched to re-planned activity.

Where previously planned draw-down of grant resource has not been required we have kept the DfT fully apprised of our requirements to ensure that resource earmarked to our programmes is safeguarded.

In meeting this expenditure, we applied grants received in year from the DfT and contributions from partners, grant held in reserve received in prior years along with a small amount of income generated from contracts for services provided to partner bodies:

Funding	In year funding £m	(To)/From Reserves £m	Total £m
Revenue Resource			
Core Grant	6.00	2.10	8.10
Transport Development Fund - Rail	41.44	0.00	41.44
Rail North Grants & Contributions	1.44	-	1.44
Integrated and Smart Ticketing Grant	0.00	0.90	0.90
	48.88	**3.00**	**51.88**
Capital Grant			
Integrated and Smart Ticketing Grant	0.00	0.18	0.18
Total Grant	**48.88**	**3.18**	**52.06**
Other Income	**0.27**	**0.00**	**0.27**
	49.15	**3.18**	**52.33**

Over the course of the financial year TfN recognised funding totalling £52.33m. Grant received in year are supplemented with grant held from the prior year. Both grants received in-year and grants held from prior years were used to fund expenditure.

Whether grant is used in-year depends on the level of expenditure, and whether that expenditure meets grant conditions. Dependent on the conditions placed on those grants, we hold unused allocations as either:

- Grants received in advance
  - Noting that there are conditions relating to initial recognition on these grants that mean they may have to be returned to the DfT if not used

- Grants Unapplied
  - This is a reserve for capital grants where conditions of use have been met but the resource has not yet been applied to meet expenditure

- Earmarked Revenue Reserves
  - This is a reserve for revenue grants that may only be applied to specific expenditure where conditions of use have been met but the resource has not yet been applied to meet expenditure

- General Fund Reserves
  - This our general reserve where revenue grant without restrictions on usage is held
  - In practice, this is where we hold unused allocations of our Core Grant

As at the year-end, unapplied grants held in this manner have decreased by £3.29m:

	2020/21 £m	Movement £m	2021/22 £m
Revenue Grants Received in Advance			
- DfT Project Funding	-	0.34	0.34
- Transport Development Fund - Road	0.01	-	0.01
	0.01	0.34	0.35
Usable Reserves			
Capital Grants Unapplied			
- Integrated & Smart Ticketing Grant	0.28	(0.28)	-
General Fund Revenue Reserves			
- Core Grant	6.17	(2.10)	4.07
- Devolved Powers (Earmarked)	0.50	-	0.50
- RNP Grant (Earmarked)	0.03	-	0.03
- Integrated & Smart Ticketing Grant (Earmarked)	1.25	(1.25)	-
Total Usable Reserves	8.23	(3.63)	4.60
Total Resource	**8.24**	**(3.29)**	**4.95**

The grants retained at 31 March 2022 will be applied to expenditure in 2022/23 and future accounting periods where possible or be returned to the DfT if it becomes likely that we will fail to comply with grant conditions.

The Core Grant allocations held in our General Fund Reserve provide the basis for our medium-term financial plan, enabling both a gradual draw on that resource to support key development aspirations and underpinning our risk mitigation around our sensitivity to financial shock.

Reconciliation Between the Management Outturn Income and Expenditure and the Comprehensive Income and Expenditure Statement (CIES)

The following table shows the differences between the management outturn position and those balances shown on the face of the CIES.

These variances arise due to differences between how we account for certain items under statute, and how we prepare the accounts under international accounting standards.

These differences principally arise around pensions accounting; capital accounting; the treatment of accumulated employee absence costs; and the treatment of grants received.

Income	**£m**	
Outturn Position	**(52.33)**	
Adjustments for:		
Pensions	(0.23)	In CIES not in outturn
Capital Funding from Reserves	0.28	In outturn not in CIES
Amounts taken to/from General Fund Balance		
Revenue Funding from Earmarked IST Reserves	1.25	In outturn not in CIES
Use of Core Reserves	2.10	In outturn not in CIES
CIES Balance	**(48.93)**	

Expenditure	**£m**	
Outturn Position	**52.33**	
Adjustments for:		
Pensions	2.35	In CIES not in outturn
Movement on Absence Provision	(0.13)	In CIES not in outturn
CIES Balance	**54.55**	

Capital Accounting

- All expenditure is reported in our outturn, but capital expenditure is excluded from the CIES in line with generally accepted accounting practice.
- The differences between the outturn and accounting standards are reflected in the unusable Capital Adjustment Account Reserve.

Pensions Accounting

- A fundamental difference exists between the values TfN is required to expend via its Pension Fund under statute, and the expenditure TfN is required to recognise in the CIES under accounting standards.
- Principally, the outturn reflects employers' pensions contributions which are calculated under statute and reviewed as part of the actuary's triennial valuation.
- Accounting standards, however, require these costs to be removed from the face of the CIES and replaced with charges calculated under those standards.
- These charges include gains and losses on the values of pension fund assets and liabilities as valued at the accounting date. This matter can lead to volatile pensions adjustments on the face of the CIES as underlying bond market prices fluctuate.
- The differences between the outturn and accounting standards are reflected in the unusable Pensions Reserve.

Accumulated Absences

- Accounting standards require the costs of untaken leave as at the year-end to be shown in the CIES with an associated balance sheet entry in creditors.
- These values are not shown in the management accounts as they do not give rise to a cost.
- The differences between the outturn and accounting standards are reflected in the Accumulated Absence Reserve.

Grant Treatments

- The management accounts show those grants applied to expenditure in-year. This results in a balanced outturn position where income matches expenditure.
- Accounting standards require us to treat grants as income received through the CIES where the conditions of use have been met, even if the resource has not been applied to expenditure. This treatment effects RNP Grant unapplied which has been recognised in the CIES and taken to the General Fund. Similarly, as above where core and IST expenditure has been funded from reserves, no income is recognized through the CIES.

The balance sheet as at the 31 March 2022 recognises these reserves and unapplied grants, along with our other financial transactions.

The balance sheet can be summarised as follows:

Balance Sheet 2021/22	**£m**		**£m**
Assets		**Reserves**	
Cash & Equivalents	8.68	Unusable Reserves	
Intangible Asset	-	Absence Reserve	0.11
Debtors	1.41	Capital Adjustment Account	-
	10.09	Pension Reserve	10.45
Liabilities			**10.56**
Provisions	(0.07)	Usable Reserves	
Grants Received in Advance	(0.35)	Capital Grants Unapplied	-
Pension Liability	(10.45)	Earmarked Revenue Grants	-
Creditors	(5.18)	Devolved Powers Reserve	(0.50)
	(16.05)	RNP Grant	(0.03)
		General Fund Reserve	(4.07)
			(4.60)
Net Liabilities	**(5.96)**	**Reserves**	**5.96**

Year-on-year variances highlight key issues that have arisen during the year. The following table highlights net liabilities have increased by £2.05m to a net liability of £5.96m, with some notable movements:

Net assets	2020/21 £m	2021/22 £m	Variance £m
Assets			
Cash & equivalents	18.02	8.68	(9.34)
Intangible Asset	-	-	-
Debtors	0.51	1.41	0.90
	18.53	**10.09**	**(8.44)**
Liabilities			
Provisions	(0.07)	(0.07)	-
Grants Received in Advance	(0.01)	(0.35)	(0.34)
Pension Liability	(11.89)	(10.45)	1.44
Creditors	(10.47)	(5.18)	5.29
	(22.44)	**(16.05)**	**6.39**
	(3.91)	**(5.96)**	**(2.05)**

Cash and cash equivalents have reduced significantly in part due to a reduced level of creditors as payments to suppliers are made and major programmes end. In addition, the use of core reserves to fund in year activities has an important impact upon the levels of cash that are retained.

In contrast with last year, the pensions liability has reduced by £1.44m which illustrates the point made noted earlier about the instability of the results likely to be reported in accordance with accounting standards. This liability is measured in accounting terms and can vary dramatically from the actuarial forecasts and the pension fund's strategy for managing the future pension entitlements. This is due, in part, to the basis on which the accounting is performed; notably valuing the net assets and future liabilities on the basis of market conditions at the date of valuation.

A wide range of factors have impacted both positively and negatively on the pension liability. The main issue that has positively impacted upon the net liability at 31 March 2022 is the increase in the real discount rate (discount rate net of inflation) that is used to value scheme assets and liabilities, which means that we are forecasting a better rate of future return on investments (£4.78m). Returns during the year were also better than forecast (£0.86m)

These positive factors are partly offset by negative movements over the year. Pay (£0.31m) and pensions in payment (£1.97m) have increased by more than assumed a year ago. Life expectancy has reduced over the year and this has reduced forecast pension obligations (£0.26m).

These major movements, along with TfN's revenue and capital underspends for the year, effect the reserves position. Reserves are differentiated between those that are 'usable' and 'unusable.'

Usable reserves reflect uncommitted funds that can be applied to future expenditure. Usable reserves are generally differentiated on two points: whether they are earmarked to specific activity or available for general use; and whether they are available to fund capital or revenue activity. Unusable reserves are generally held to manage statutory adjustments to general accounting practice; normally to avoid capital and pensions accounting adversely impacting upon the General Fund balance.

As at the end of financial year 2021/22 TfN's reserve position can be summarised as changing by £2.05m, reflecting the movement in net-assets:

Reserves	2020/21 £m	2021/22 £m	Variance £m
Unusable Reserves			
Absence Reserve	0.24	0.11	(0.13)
Capital Adjustment Account	-	-	-
Pension Reserve	11.89	10.45	(1.44)
	12.13	**10.56**	**(1.57)**
Usable Reserves			
Capital Grants Unapplied	(0.28)	-	0.28
General Fund			
Earmarked Revenue Grants	(1.25)	-	1.25
Devolved Powers Reserve	(0.50)	(0.50)	-
RNP Grant Reserve	(0.03)	(0.03)	-
General Fund Reserve	(6.16)	(4.07)	2.09
	(7.94)	**(4.60)**	**3.34**
	(8.22)	**(4.60)**	**3.62**
	3.91	**5.96**	**2.05**

The decrease in the forecast net estimated deficit on future pensions payable is reflected in the decrease in the unusable pensions reserve. This movement is made to avoid the adverse position impacting on the General Fund reserve. Instead, the pensions liability will be made good in time through long-term portfolio performance and, where necessary, increases in employer pension contributions.

Lower than anticipated expenditure in the year was offset by a reduction of in-year core grant, resulting in a draw on core grant of £2.09m in 2021/22.

Looking Ahead to 2022/23 and Beyond

We are extremely proud to be the first Sub-National Transport Body with statutory powers and we continue to be a strong and unified voice for the North on behalf of our constituent authorities and 15 million citizens.

We do this by employing the brightest minds who have a passion for our mission to create more opportunities. This passion and commitment is essential if we are to achieve our strategic goals and deliver against our plans outlined in our Business Plan.

Our adopted Business Plan for 2022/23 details what we have achieved in the last year, but it also looks ahead, providing direction for our teams and representing the priorities of the Northern leaders who make up our governance. Whilst our STP and accompanying Investment Programme have a long-term common goal, a sustained pipeline of infrastructure investment is needed. That means our vision being underpinned by short, medium and longer-term plans that advance wide-ranging interventions right across the North.

Financial Planning 2022/23

TfN is subject to essentially the same regulatory framework as its local transport authority and combined authority partner bodies. This framework confers upon the organisation an obligation, a balanced-budget requirement, and also the need to adopt a reserve strategy.

These requirements, together with our relationship with the DfT, set the parameters within which we will manage our operations in relation to funding.

The 2022/23 business planning process identified our key strategic priorities and identified a common 'golden thread' from strategy to delivery. This 'golden thread' ensured that when detailed individual departmental plans were being designed and objectives set, there was a common and coordinated

approach to delivery across the organisation. These common goals are what underpin the expenditure profile and budget for 2022/23.

These budgets are underpinned by the reserves strategy, which serves as our back-stop mitigation against financial risk.

Value for money

We recognise the absolute requirement to deliver our programme of works efficiently and effectively. In order to ensure value for money, we have implemented a procurement framework which requires that the procurement of goods or services includes a competitive process that is appropriate to the value and complexity of the services/products and also minimises barriers for suppliers to participate in such exercises.

Expenditure

In order to deliver the activity set out in our Business Plan, we have a total budgeted expenditure for 2022/23 of £16.51m. This includes £8.84m of underlying programme expenditure supporting core operations and £7.67m of expenditure on hosted activities as shown below:

Operations	**£m**	**£m**
Major Roads	0.31	
Strategy & Policy	2.26	
Strategic Rail	1.20	
Business Capabilities	2.46	
Finance	0.82	
Leadership	0.35	7.40
Transition costs		1.44
Total		**8.84**
Hosted		
Rail North Partnership	1.60	
NPR Analytical Support	5.66	
NPR Closure Costs	0.41	7.67
Total Budget		**16.51**

As a Sub-National Transport Body, we are unable to recover VAT on our purchases of goods and services.

The operational budget covers the functions of the back, middle, and front offices of the organisation along with the business infrastructure. We are subject to the same regulatory environment as local and combined authorities and must discharge our responsibilities as an autonomous body. We must also act in accordance with the Memorandum of Understanding that TfN has with DfT.

TfN will remain almost entirely funded by grants from the DfT. Aside from a £6.5m Core grant funding allocation, this funding is ring-fenced for the purpose for which it has been allocated and in the main can only be drawn down as and when it is required. The funding that we are able to draw on during the year to pay for our budgeted expenditure is as follows:

TfN Funding	2022/23 £m	%
Core Grant	6.50	39%
In-Year Funding	0.34	2%
TDF Rail Modelling	5.66	34%
Rail North Partnership Grant	0.96	6%
Rail North Grant/Partner Contributions	0.65	4%
Contract income	0.33	2%
NPR Closure Settlement	0.41	3%
Use of Reserves	1.66	10%
Total Resource	**16.51**	**100%**

The updated reserves strategy set out in the 2022/23 Budget report is based upon a year-end General Fund Reserve of £4.57m, created from Core Grant underspends in prior years. It was agreed that £1.66m of this balance be drawn upon in 2022/23 to support the delivery of the business plan including funding transition costs of £1.44m which are non-recurrent. This, along with specific earmarking, would reduce the reserve levels to £2.91m by the end of 2022/23, with further reductions in the two subsequent years of £0.4m and £0.5m respectively. By 31 March 2025, it is planned that reserves will have reached their currently specified minimum level of £2m.

Draws upon the General Fund Reserve at this level are unsustainable beyond the medium-term. As inflation increases the amount of the Core Grant that is used to fund employee costs, there will be further pressure to reduce discretionary expenditure.

TfN notes the potential for grants to be increased in future Spending Reviews and as part of that process and through ongoing dialogue with DfT, will continue to press for a revised funding settlement that reflects inflationary pressures and the growing maturity of the organisation's activities and aspirations.

Financial Outlook

TfN is almost entirely funded by the DfT. This means that we are particularly sensitive to the government funding cycles and decisions, both in terms of the quantum and the time period over which funding is granted.

During 2021/22 we experienced a 40% cut to our Core funding allocation from £10m to £6m. In February 2022, the core grant for 2022/23 was announced at £6.5m, with no information available for the two years following. This means that TfN only has funding certainty until the end of 2022/23. We are continuing constructive dialogue with DfT on how we can enhance our funding and secure greater certainty of future funding to aid our business planning.

To enable us to continue to deliver our functions as a 'going concern' we are party to a Memorandum of Understanding (MoU) with the DfT which, amongst other things, provides us with sufficient comfort that we are able to plan on a going concern basis.

Furthermore, the MoU commits the Department to an orderly wind-down of our financial affairs should the government make a future decision to either withdraw or reduce our funding allocations.

Statement of Responsibility for the Accounts

TfN's responsibilities

TfN is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. In TfN that officer is the Finance Director;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Finance Director's responsibilities

The Finance Director is responsible for the preparation of the Statement of Accounts for TfN in accordance with proper practices as set out in the *CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom* (the Code). In preparing this Statement of Accounts, the Finance Director has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

The Finance Director has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Finance Director

I certify that the Statement of Accounts gives a true and fair view of the financial position of the organisation at the accounting date and of the income and expenditure for the year ended 31 March 2022.

Paul Kelly
Interim Finance Director
29 September 2022

Chair's Certificate

I certify that the Statement of Accounts for the year ended 31 March 2022 was approved at the meeting of the Board on 29 September 2022.

Lord Patrick McLoughlin
Chair of Transport for the North Board
29 September 2022

Financial Statements and Disclosure Notes

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from grants and other income. TfN generates income to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost.

2020/21					2021/22		
Expenditure £000	Income £000	Net £000	Notes		Expenditure £000	Income £000	Net £000
592	-	592		Major Roads Programme (Strategic Development Corridors)	1,850	-	1,850
41,708	(40,637)	1,071		Northern Powerhouse Rail	41,692	(41,437)	255
9,639	(3,977)	5,662		Integrated and Smart Ticketing	1,077	352	1,429
2,406	(1,541)	865		Rail Operations	3,337	(1,689)	1,648
5,908	-	5,908		Operational Areas	6,102	(17)	6,085
60,253	**(46,155)**	**14,098**		**Cost of Services**	**54,058**	**(42,791)**	**11,267**
1,996	-	1,996	**11**	Other operating expenditure	-	-	-
325	(181)	144	**12**	Financing and Investment Income and Expenditure	492	(233)	259
0	(8,013)	(8,013)	**13**	Taxation and Non-specific Grant Income	-	(5,908)	(5,908)
62,574	**(54,349)**	**8,225**	**14**	**Surplus or Deficit on Provision of Services**	**54,550**	**(48,932)**	**5,618**
		4,857	**28**	Remeasurement of the net defined benefit liability/asset			(3,557)
		4,857		**Other Comprehensive Income and Expenditure**			**(3,557)**
		13,082		**Total Comprehensive Income and Expenditure**			**2,061**

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by TfN, analysed into 'usable reserves' that can be used to resource expenditure alongside income received in year and other 'unusable reserves'. The Statement shows how the movements in year of TfN's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to income for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

2021/22

	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2021	**(6,166)**	**(1,781)**	**(7,947)**	**(277)**	**(8,224)**	**12,132**	**3,908**
Movement in reserves during 2021/22							
(Surplus) or deficit on the provision of services	5,618	-	5,618	-	5,618	-	5,618
Other Comprehensive Income / Expenditure	-	-	-	-	-	(3,557)	(3,557)
Total Comprehensive Income and Expenditure	**5,618**	**-**	**5,618**	**-**	**5,618**	**(3,557)**	**2,061**
Adjustments between accounting basis and funding basis under regulations (see note 9)	(2,177)	-	(2,177)	185	(1,992)	1,992	-
Net (Increase) or Decrease before Transfer to Earmarked Reserves	**3,441**	**-**	**3,441**	**185**	**3,626**	**(1,565)**	**2,061**
Transfer (to)/from Earmarked Reserves (see note 10)	(1,342)	1,250	(92)	92	-	-	-
(Increase) or Decrease in 2021/22	**2,099**	**1,250**	**3,349**	**277**	**3,626**	**(1,565)**	**2,061**
Balance at 31 March 2022	**(4,067)**	**(531)**	**(4,598)**	**-**	**(4,598)**	**10,567**	**5,969**

2020/21

	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2020	**(6,457)**	**(4,428)**	**(10,885)**	**(1,002)**	**(11,887)**	**2,714**	**(9,173)**
Movement in reserves during 2020/21							
(Surplus) or deficit on the provision of services	8,225	-	8,225	-	8,225	-	8,225
Other Comprehensive Income/Expenditure	-	-	-	-	-	4,857	4,857
Total Comprehensive Income and Expenditure	**8,225**	**-**	**8,225**	**-**	**8,225**	**4,857**	**13,082**
Adjustments between accounting basis and funding basis under regulations (see note 9)	(5,286)	-	(5,286)	725	(4,561)	4,561	-
Net (Increase) or Decrease before Transfer to Earmarked Reserves	**2,938**	**-**	**2,938**	**725**	**3,663**	**9,418**	**13,082**
Transfer (to)/from Earmarked Reserves (see note 10)	(2,648)	2,648	-	-	-	-	-
(Increase) or Decrease in 2020/21	**291**	**2,648**	**2,938**	**725**	**3,663**	**9,418**	**13,082**
Balance at 31 March 2021	**(6,166)**	**(1,781)**	**(7,947)**	**(277)**	**(8,224)**	**12,132**	**3,908**

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by TfN. The net assets (assets less liabilities) are matched by the reserves held by TfN.

Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations.'

31 March 2021 £000	Notes		31 March 2022 £000
-	**15**	Intangible Assets	-
-		**Long Term Assets**	**-**
505	**16**	Short-Term Debtors	1,405
18,021	**17**	Cash and Cash Equivalents	8,677
18,526		**Current Assets**	**10,082**
(10,467)	**18**	Short-Term Creditors	(5,183)
(68)	**19**	Provisions	(68)
(10)	**8**	Grants Receipts in Advance - Revenue	(346)
(10,545)		**Current Liabilities**	**(5,597)**
(11,889)	**28**	Pension Liability	(10,454)
(11,889)		**Long term Liabilities**	**(10,454)**
(3,908)		**Net Assets/(Liabilities)**	**(5,969)**
(8,224)	**20**	Usable Reserves	(4,598)
12,132	**20**	Unusable Reserves	10,567
3,908		**Total Reserves**	**5,969**

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of TfN during the reporting period. The statement shows how TfN generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. Cash flows from operating activities cover the inflows and outflows from TfN's regular business activities, and do not include investing activities (such as the purchase of assets) or financing activity (such as borrowing and cash management activities). Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery, such as the intangible assets under development. As TfN does not have powers to access credit – such as loans and overdrafts – it does not have cash flows relating to financing activities.

2020/21		2021/22
£000		£000
8,225	Net (surplus) or deficit on the provision of services	5,618
(8,514)	Adjustment to surplus or deficit on the provision of services for non-cash movements	3,726
1,013	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	-
724	**Net cash flows from operating activities**	**9,344**
561	Net cash flows from investing activities	-
1,286	**Net (increase) or decrease in cash and cash equivalents**	**9,344**
19,307	Cash and cash equivalents at the beginning of the reporting period	18,021
18,021	**Cash and cash equivalents at the end of the reporting period**	**8,677**

Note 1 - Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) Statement shows how annual expenditure is used and funded from resources (principally grants) by TfN in comparison with those resources consumed or earned by the organisation in accordance with Generally Accepted Accounting Practices ("GAAP").

It also shows how this expenditure is allocated for decision making purposes between the TfN management and reporting areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2020/21				2021/22		
Net Expenditure Chargeable to the General Fund Balance	**Adjustments (see note 2)**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**		**Net Expenditure Chargeable to the General Fund Balance**	**Adjustments (see note 2)**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
546	46	592	Major Roads Programme (Strategic Development Corridors)	1,747	103	1,850
950	121	1,071	Northern Powerhouse Rail	-	255	255
2,679	2,983	5,662	Integrated and Smart Ticketing	1,250	179	1,429
680	185	865	Rail Operations	1,237	411	1,648
5,085	823	5,908	Operational Areas	5,118	967	6,085
9,940	**4,158**	**14,098**	**Net Cost of Services**	**9,352**	**1,915**	**11,267**
(7,002)	1,129	(5,873)	Other Income and Expenditure	(6,003)	354	(5,649)
2,938	**5,286**	**8,225**	**Surplus or Deficit on Provision of Services**	**3,349**	**2,269**	**5,618**
(10,885)			Opening Combined General Fund Balance	(7,947)		
2,938			Plus/less Surplus or Deficit on the General Fund Balance for the Year (Statutory basis)	3,349		
(7,947)			**Closing Combined General Fund Balance**	**(4,598)**		

Note 2 - Note to the Expenditure and Funding Analysis

2021/22	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	£000	£000	£000
Major Roads Programme (Strategic Development Corridors)	-	107	(4)	103
Northern Powerhouse Rail	-	287	(32)	255
Integrated and Smart Ticketing	185	9	(16)	178
Rail Operations	-	427	(16)	411
Operational Areas	-	1,030	(62)	968
Net Cost of Services	**185**	**1,860**	**(130)**	**1,915**
Other Income and Expenditure	92	262	-	354
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	**277**	**2,122**	**(130)**	**2,269**

2020/21	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	£000	£000	£000
Major Roads Programme (Strategic Development Corridors)	-	41	5	46
Northern Powerhouse Rail	-	113	8	121
Integrated and Smart Ticketing	2,917	68	(2)	2,983
Rail Operations	-	173	12	185
Operational Areas	354	411	57	822
Net Cost of Services	**3,271**	**806**	**80**	**4,157**
Other Income and Expenditure	983	146	-	1,129
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	**4,254**	**952**	**80**	**5,286**

Net Capital Statutory Adjustments – this column adds in amortisation and impairment in the services line.

Net Pensions Statutory Adjustments - Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income.

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

- For Other Income and Expenditure – the net interest on the defined benefit liability is charged to the CIES.

Other Statutory Adjustments – capital grants are adjusted for income not chargeable under generally accepted accounting practices.

Note 3 - Accounting Policies

General principles
The statement of accounts summarises TfN's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. TfN is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015, which determine the timing of when the statements must be produced. The Statements usually have to be published before 1st June, but in recognition of the impact of the Covid-19 pandemic, this date has been amended to 1st August for 2020/21 and 2021/22. The Regulations also require that the accounts be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act. The accounting convention adopted in the statement of accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Going Concern Basis

TfN accounts for its operations on a going concern basis. This assumes that TfN will continue in operation for the foreseeable future.

TfN is party to a Memorandum of Understanding (MoU) with the Department for Transport that gives it the required comfort that it will continue to receive the necessary funding to discharge its statutory obligations into the future. Furthermore, the MoU commits the Department to an orderly winddown of TfN's affairs should future decisions be made by Government that either end or reduce TfN's funding.

Qualitative Characteristics

The usefulness of financial statements is enhanced if they are comparable between similar organisations and between financial years. The Code of Practice promotes comparability by designating the form and content of the financial statements.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments is accounted for as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts

may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Operating leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense to the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

Events After the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period, and the date the Statement of Accounts is authorised for issue.

Two types of event can be identified:

1. Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts are adjusted to reflect such events.
2. Those that are indicative of conditions that arose after the reporting period – the financial statements are not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the financial statements.

Financial Instruments

Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at cost and are carried at their amortised cost.

Financial assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. TfN holds financial assets measured at amortised cost. TfN's business model is to hold financial assets to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

Government Grants & Contributions

Whether paid on account, by instalments, or in arrears, government grants and third-party contributions and donations are recognised as due to TfN when there is reasonable assurance that:

- TfN will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to TfN are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as liabilities. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

When capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. When it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Overheads and Support Services

Costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

Principally, programme areas in receipt of permissive discrete grant will be recharged for the incremental costs of support teams on a calculated basis as agreed by the Finance Director.

Provisions

Provisions are made where an event has taken place that gives TfN a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the authority has an obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Reserves

Specific amounts are set aside as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund. When the expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the (Surplus) / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Certain reserves are kept to manage the accounting processes for non-current assets and retirement benefits, and do not represent usable resources for TfN.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

Where TfN has determined to meet the cost of this expenditure from existing capital resources a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the usable reserves of TfN.

Value Added Tax (VAT)

TfN neither provides services for consideration nor is able to recover the VAT incurred on expenditure.

Costs are shown gross of VAT within the relevant service lines on the face of the CIES.

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by TfN as a result of past events (e.g. software development) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to TfN.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and TfN will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset.

TfN determines a project to be technically feasible when it has passed an outline business case government approval gateway, or another appropriate review point undertaken by suitably qualified professionals.

Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise TfN's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by TfN can be determined by reference to an active market. In practice, no intangible asset held by the authority meets this criterion, and they are therefore carried at amortised cost. Where an intangible asset has an indefinite useful life, it shall not be amortised. Instead, it will be reviewed annually for impairment.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Employee Benefits
Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to TfN.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to

surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by TfN to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. They are charged on an accruals basis to the appropriate service segment in the Comprehensive Income and Expenditure Statement at the earlier of when TfN can no longer withdraw the offer of those benefits or when TfN recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by TfN to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of TfN are enrolled in the Local Government Pension Scheme (LGPS). TfN pays an employer's contribution into the Greater Manchester Pension Fund, which is a fully funded defined benefit scheme administered by Tameside Metropolitan Borough Council.

The liabilities of the Greater Manchester Pension Fund attributable to TfN are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate advised by the actuary as specified in the defined benefit pension scheme note.

The assets of the Greater Manchester pension fund attributable to the authority are included in the Balance Sheet at their fair value:

1. quoted securities – current bid price
2. unquoted securities – professional estimate
3. unitised securities – current bid price
4. property – market value.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
    - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
    - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement
    - net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure

Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements comprising:
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the pensions reserve as other comprehensive income and expenditure – actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the pensions reserve as other comprehensive income and expenditure.
  - contributions paid to the TfN pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees

Discretionary benefits
The authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Note 4 - Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are as follows:

- As the majority of TfN funding comes from grants awarded by the Department for Transport, a key judgement is whether the grants include conditions or restrictions which impact on the recognition of these grants through the Comprehensive Income and Expenditure Statement.

Note 5 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by TfN about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Pension Liability

Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are expected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. TfN engaged Hymans Robertson LLP as consulting actuaries to provide expert advice as to the assumptions to apply.

The effect on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the Real Discount Rate would increase the defined benefit obligation by £676k. However, the assumptions interact in complex ways; details of the sensitivities are set out in Note 28.

Note 6 - Material Items of Income and Expense

As further explained in Note 15, during 2020/21 DfT ended funding of the Integrated Smart Ticketing programme. The intangible assets which had been generated by the programme were either transferred to DfT or impaired to zero net value at 31 March 2021 in recognition that this project and the associated assets would be wound down in 2021/22.

During 2021/22, the remaining assets have been disposed of at a value of £2.47m. As these assets had been fully amortised or impaired in the previous year, this disposal was made at zero net value within the Comprehensive Income and Expenditure Statement.

Note 7 - Events After the Reporting period

The Statement of Accounts was authorised for issue by the Finance Director on 7 July 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 8 - Grant Income

TfN is almost entirely funded from grants and contributions. Those values can be recognised in the CIES either on the non-specific income line, or on the services lines. The distinction between the two treatments principally reflects conditions or restrictions on those grants, and whether the grants are for capital or revenue expenditure.

Grants that are restricted to discrete activity are shown on the service lines. Capital grants supporting Revenue Expenditure Funded from Capital Under Statute (REFCUS), such as those that support the capital expenditure in support of the ITSO on Rail project, are also shown on the service line to reflect that that expenditure is shown in the CIES.

Grant Income Credited to Services

2020/21 £000		2021/22 £000
(40,636)	NPR Transport Development Fund	(41,437)
(1,187)	Integrated & Smart Ticketing Revenue	352
(2,790)	Integrated & Smart Ticketing Capital	-
(681)	Rail North Partnership Grant	(809)
-	External Audit - Redmond Review support grant	(17)
(59)	Rail North Local Contributions	(61)
(559)	Rail North Rail Grant (via Local Contributions)	(567)
(45,912)	**Total Grant Income Credited to Services**	**(42,539)**
(243)	Contract Income - Rail Services	(252)
(46,155)	**Total Income Credited to Services in CIES**	**(42,791)**

Grants with conditions that may require unused allocations to be returned are shown as grants received in advance as a current liability. Grant received via Transport Development Fund governance must be returned to the Department for Transport if not required.

Grant Receipts in Advance - Revenue

2020/21		2021/22
£000		£000
-	Department for Transport Project Funding	(336)
(10)	Trans Pennine Tunnel Traffic Modelling	(10)
(10)	**Total**	**(346)**

Grants without restrictions, and capital grants that have either been applied to expenditure or are yet to be applied to expenditure are recognised on the non-specific grant income line. The following note details all grants recognised in this manner:

Grant Income Credited to Taxation and non-specific Grant Income and Expenditure

2020/21		2021/22
£000		£000
(7,000)	Core Grant	(6,000)
(1,013)	Intergrated & Smart Ticketing Capital	92
(8,013)	**Total**	**(5,908)**

Note 9 - Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by TfN in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to TfN to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that TfN is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that TfN is required to recover) at the end of the financial year.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which TfN has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2021/22

	General Fund Balance	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
Pension cost (transferred to (or from) the Pensions Reserve)	(2,122)	-	2,122
Holiday pay (transferred to the Accumulated Absences Reserve)	130	-	(130)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to Capital Adjustment Account)	(185)	-	-
Total Adjustments to Revenue Resources	(2,177)	-	1,992
Adjustments between Revenue and Capital Resources			
Capital expenditure financed from Capital Grants Unapplied	-	185	-
Total Adjustments between Revenue and Capital Resources	-	185	-
Total Adjustments	**(2,177)**	**185**	**1,992**

2020/21

	General Fund Balance	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
Pension cost (transferred to (or from) the Pensions Reserve)	(952)	-	952
Holiday pay (transferred to the Accumulated Absences Reserve)	(80)	-	80
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to Capital Adjustment Account)	(4,254)	-	4,254
Total Adjustments to Revenue Resources	(5,286)	-	5,286
Adjustments between Revenue and Capital Resources			
Capital expenditure financed from Capital Grants Unapplied	-	725	(725)
Total Adjustments between Revenue and Capital Resources	-	725	(725)
Total Adjustments	**(5,286)**	**725**	**4,561**

Note 10 – Movement in Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure.

	Balance at 1 April 2020	Transfers In 2020/21	Transfers Out 2020/21	Balance at 31 March 2021	Transfers In 2021/22	Transfers Out 2021/22	Balance at 31 March 2022
	£000	£000	£000	£000	£000	£000	£000
General Fund Reserves:							
Integrated and Smart Ticketing Revenue Funding Reserve	(3,928)	-	2,679	**(1,250)**	-	1,250	**-**
Earmarked Devolved Powers Reserve	(500)	-	-	**(500)**	-	-	**(500)**
Earmarked RNP Grant Reserve	-	-	(31)	**(31)**	-	-	**(31)**
Total General Fund	**(4,428)**	**-**	**2,648**	**(1,781)**	**-**	**1,250**	**(531)**

Note 11 – Other operating expenditure

2020/21		2021/22
£000		£000
1,996	Gain/loss on disposal of intangible assets	-
1,996	**Total**	**-**

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

Note 12 - Financing and Investment Income and Expenditure

This note shows the incidental income generated by holding cash on deposit until it is required to resource expenditure, and also the interest costs associated with pension liabilities.

2020/21		2021/22
£000		£000
325	Interest payable on the net defined benefit liability	492
(181)	Interest receivable and similar income	(233)
144	**Total**	**259**

Note 13 - Taxation and Non-Specific Grant Income

TfN does not have legal powers to raise precepts on the northern tax base and is almost entirely funded from grant resource. Some of this grant resource is discrete to programmes of activity and comes with restrictions on its use. Other grant, such as TfN's Core grant, is awarded without restrictions and is accounted for as 'non-specific' grant.

This note shows the value of non-specific grants and those capital grants not shown on the service lines of the Comprehensive Income and Expenditure Statement that have been recognised in year.

2020/21		2021/22
£000		£000
(7,000)	TfN Core Grant	(6,000)
(1,013)	Integrated and Smart Ticketing Capital Grant	92
(8,013)	**Total**	**(5,908)**

Following the conclusion of the Integrated and Smart Ticketing project, a residual capital grant balance of £92k is repayable to the Department for Transport.

Note 14 - Expenditure and Income Analysed by Nature

This note analyses TfN's income and expenditure by standardised descriptors. The note highlights that TfN is almost entirely funded from governmental grant and contributions, whilst the costs associated with professional service contracts and programme delivery is shown in 'other service expenses.'

2020/21 £000	Nature of Expenditure or Income	2021/22 £000
(230)	Fees, charges and other service income	(253)
(181)	Interest and investment income	(233)
(53,939)	Government grants and contributions	(48,446)
9,483	Employee benefits expenses	10,600
48,020	Other service expenses	43,458
2,749	Amortisation and impairment	-
1,996	Gain or loss on disposal of non-current assets	-
325	Interest payments	491
8,225	**(Surplus) or Deficit for Year**	**5,618**

Other service expenses includes all professional service costs, accommodation and business infrastructure costs relating to all activities delivered by TfN. The main element of professional services is the Direct Services Agreement with Network Rail within the NPR Programme. Other costs are generally resource based service contracts for services required to deliver TfN's business plan.

Note 15 - Intangible Assets

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

The intangible assets include both purchased licenses and the costs of internally generated software development. Where assets are operational, they are amortised in line with TfN's accounting policies, with charges commencing in the year after which they become operational.

31 March 2021				31 March 2022		
Assets Under Development (see Note below) £000	Operational Assets £000	Total £000		Assets Under Development £000	Operational Assets £000	Total £000
			Balance at start of year:			
2,112	2,072	4,184	Gross carrying amounts	-	3,482	3,482
-	(655)	(655)	Accumulated amortisation	-	(3,482)	(3,482)
2,112	**1,417**	**3,529**	**Net carrying amount at start of year**	**-**	**-**	**-**
			Additions:			
1,294	-	1,294	- Internal development	-	-	-
(1,410)	1,410	-	Assets that became operational in the year	-	-	-
-	(533)	(533)	Amortisation for the period	-	256	256
(1,996)	-	(1,996)	Disposal	-	(2,473)	(2,473)
-	(2,294)	(2,294)	Impairment losses recognised in the surplus/ deficit on the provision of services	-	2,217	2,217
-	**-**	**-**	**Net carrying amount at end of year**	**-**	**-**	**-**
			Comprising:			
-	3,482	3,482	- Gross carrying amounts	-	1,009	1,009
-	(3,482)	(3,482)	- Accumulated amortisation and impairment	-	(1,009)	(1,009)
-	**-**	**-**	**Total**	**-**	**-**	**-**

Note: The closing balance at 31 March 2021 for Assets Under Development has been corrected to show zero value after the disposal in 2020/21.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the authority. The useful lives assigned to the major software suites used by the authority are:

Useful Life (Years)	Internally Generated Assets	Other Assets
ERP	3	0
Integrated Smart Ticketing	5	0

This note recognises the development, and subsequent amortisation, disposal and impairment, of complex information systems for the Integrated and Smart Ticketing programme which was aiming to deliver improvements to the way in which passengers access journey time and disruption information and enable the implementation of smart payment systems across the northern passenger transport network.

During 2020/21 DfT confirmed the cessation of funding for the IST programme. Without ongoing funding, the assets within these programmes, that TfN had been carrying as Intangible Fixed Assets, were to be transferred to DfT. The fares data tool was transferred to DfT during 2020/21 and treated as a disposal of £2.0m in the year. The remaining IST assets on the balance sheet at 31 March 2021 were amortised and impaired to a zero net value.

During 2021/22, the remaining IST assets have either transferred to DfT or ceased to be used. The authority has recognised a disposal of £2.47m (2021: £2.00m) in relation to the IST intangible assets. The accumulated impairment value of £2.21m and accumulated amortisation value of £0.26m has been written back recognising the disposal. The consequent zero net profit or loss on this transaction has been charged to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

The note also recognises the development and implementation of TfN's enterprise resource planning (ERP) system asset valued at £1.01m (2021: £1.01m). The ERP system is in use and is shown under the 'operational assets' column. The ERP system asset has been fully amortised.

Note 16 - Debtors

This note shows the value of money owed to TfN and the value of prepayments recognised. Sums due from TfN Partners reflects contributions due from Rail North authorities.

31 March 2021 £000		31 March 2022 £000
-	Employees	1
-	Department for Transport	1,043
-	Department for Levelling Up, Housing and Communities	17
215	Prepayments	200
289	TfN Partners	144
505	**Total Debtors**	**1,405**

Total debtors include financial assets of £1.21m (2021: £0.29m), which are carried at amortised cost. There is no significant difference between the carrying value and the fair value of these financial assets. There is no significant credit risk in relation to TfN's financial assets.

Note 17 – Cash & Cash Equivalents

At any time, we will hold cash in the bank or on deposit. This reflects TfN's reserve strategy to mitigate financial shock, and also inevitable timing differences between grants being received and cash being paid to suppliers and employees. The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2021 £000		31 March 2022 £000
4,021	Cash and Bank Balances	8,677
14,000	Short Term Investments	-
18,021	**Total Cash and Cash Equivalents**	**8,677**

Note 18 - Creditors

This note shows the value of obligations to employees and suppliers.

31 March 2021 £000		31 March 2022 £000
(244)	Employees	(114)
(15)	HMRC	(20)
(4,000)	Department for Transport	(448)
	Train Operating Companies:	
(225)	Arriva Rail North/ Northern Trains Ltd.	(62)
(191)	Transpennine Express	(51)
(21)	Merseytravel	(26)
	TfN Partners:	
(750)	Transport for Greater Manchester	(606)
-	North East Combined Authority	(60)
(2,250)	Network Rail	(1,229)
(2,771)	**Trade Suppliers**	(2,567)
(10,467)	**Total Creditors**	**(5,183)**

Obligations to employees include the accounting value associated with the accumulated absence provision – the financial value of untaken leave as at the financial year-end.

Amounts owed to train operating companies are principally reflective of the grant arrangements in place to support the implementation of the ITSO on Rail smart ticketing project. These amounts have reduced as the programme reaches its conclusion.

Amounts owed to TfN partners include contractual costs for operational support, and the rail studies undertaken by Network Rail acting as the system operator for the northern rail network in support of the Northern Powerhouse Rail programme.

The table above includes financial liabilities of £5.18m (2021: £10.47m) which are carried at amortised cost. There is no significant difference between the carrying value and fair value of these financial liabilities. There is no significant market or liquidity risk in relation to these financial liabilities which are all due to mature within 1 year.

Note 19 - Provisions

Provisions reflect the amount set aside for probable, but uncertain, economic obligations. At 31 March 2022 this only included forecast amounts due to settle contractual issues with suppliers.

31 March 2021 £000	Total Provisions	31 March 2022 £000
(126)	Opening Balance	(68)
58	(Increase)/decrease in provision during year	-
(68)	Closing Balance	**(68)**

Note 20 - Reserves

TfN holds both usable and unusable reserves. Usable reserves can be used to fund TfN activities, and some of these may be earmarked to support specific types of activity. Unusable are those reserves that do not contain resource that could be applied to meet TfN's funding requirements. These are largely accounting reserves where the effects of timing differences and statutory overrides of accounting rules are recognised.

Usable Reserves

The following reserves can be used to fund TfN activities. The General Fund can be used to fund any activity but the other reserves are to be used only for specific activities.

2020/21		2021/22
£000		£000
(277)	Capital Grants Unapplied	-
(1,250)	Earmarked Revenue Grants: Integrated & Smart Ticketing	-
(500)	Earmarked Devolved Powers Reserve	(500)
(31)	Earmarked RNP Reserve	(31)
(6,166)	General Fund	(4,067)
(8,224)	**Total**	**(4,598)**

The Capital Grants Unapplied and Earmarked Revenue Grants for Integrated & Smart Ticketing (IST) were both fully expended in 2021/22 as part of winding down the IST project. The funds were used to fund IST expenditure with any residual balance being repaid to DfT.

The Board in the past earmarked reserves for use in response to changes to devolved powers and in support of the Rail North Partnership. These reserves are held as earmarked until either they are expended for that purpose or unearmarked by the Board and returned to the General Fund.

Unusable Reserves

The following reserves are unusable for reasons explained below.

2020/21		2021/22
£000		£000
-	Capital Adjustment Account	-
11,889	Pension Reserve	10,454
243	Accumulated Absence Account	113
12,132	**Total**	**10,567**

Capital Adjustment Account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions. The account is debited with the cost of acquisition, construction or subsequent costs as impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and subsequent expenditure.
Note 9 provides details of the source of all the transactions posted to the account.

2020/21 £000		2021/22 £000
(3,529)	**Balance 1 April**	**-**
2,293	Charges for impairment of non-current assets	(2,217)
533	Amortisation of intangible assets	(256)
3,235	Revenue expenditure funded from capital under statute	185
1,996	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,473
8,057	**Net written out amount of the cost of non-current assets consumed in the year**	**185**
(3,803)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	-
(725)	Application of grants and contributions from the Capital Grants Unapplied Reserve	(185)
(4,528)	**Capital financing applied in year**	**(185)**
-	**Balance 31 March**	**-**

Pension Reserve

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2020/21 £000		2021/22 £000
6,080	Balance at 1 April	11,889
4,857	Remeasurements of the net defined benefit (liability)/asset	(3,557)
2,087	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	3,436
(1,135)	Employer's pensions contributions and direct payments to pensioners payable in the year	(1,314)
11,889	**Balance at 31 March**	**10,454**

Accumulated Absences Account

The accumulated absences account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the account.

2020/21 £000		2021/22 £000
163	**Balance 1 April**	243
(163)	Settlement or cancellation of accrual made at the end of the preceding year	(243)
243	Amounts accrued at the end of the current year	113
80	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	(130)
243	**Balance 31 March**	**113**

Note 21 - Cash Flow from Operating Activities

The cash flow from the net surplus/deficit on operating activities includes some items that are not cash based. These items require an adjustment to be made as detailed below which coverts the operating surplus or deficit to a cash basis.

2020/21 £000		2021/22 £000
(2,293)	Impairment and downward valuations	2,217
(533)	Amortisation	256
(1,996)	Disposal of intangible assets	(2,473)
(2,702)	(Increase)/decrease in creditors	4,948
(94)	(Increase)/decrease in debtors	900
(952)	Movement in pension liability	(2,122)
58	Other non-cash movements charged to the surplus or deficit on provision of services	-
(8,514)	**Total**	**3,726**

Note 22 - Cash Flow from Investing Activities

2020/21 £000		2021/22 £000
1,574	Purchase of property, plant and equipment, investment property and intangible assets	-
(1,013)	Other receipts from investing activities	-
561	**Net cash flows from investing activities**	**-**

Note 23 - Members' Allowances

The authority pays an allowance to the Independent Members of its Audit and Governance Committee. These allowances totalled £2,400 during 2021/22 (2021: £1,600)

Note 24 - Officers' Remuneration

Under statutory provisions TfN is required to disclose the remuneration of senior officers. Senior officers include the Head of Paid Service – TfN's principal paid officer – and those officers who report to that post or hold statutory office. TfN also discloses the pay of its Chairman as an individual in a position of significant influence.

The remuneration paid to the authority's senior employees in 2021/22 was as follows:

Role	Salary (£)	Employer Pension Contribution (£)	Taxable Allowances (£)	Professional Memberships (£)	Severance Payments (£)
Chief Executive (Head of Paid Service)					
Barry White - departed 15/05/21	22,056	3,532	-	-	-
Martin Tugwell - joined 02/08/21	102,151	17,774	-	-	-
Chairman (pro-rata)					
John Cridland - departed 27/07/21	18,000	-	-	-	-
Patrick McLoughlin - joined 25/01/22	10,000	-	-	-	-
- Chairman full-time equivalent	225,000				
NPR Programme Director	149,475	21,605	65	343	-
- Departed 31/03/2022					
Major Roads Programme Director	98,808	17,193	254	429	-
Strategic Rail Director	123,510	21,491	204	-	-
Rail North Partnership Director	123,510	21,491	-	-	-
Chief Financial Officer (Section 151)	142,417	24,781	231	82	-
- Departed 16/03/22 (see note)					
Chief Financial Officer (Section 151)	19,995	3,479	-	67	-
- Joined 01/02/22 (see note)					
Business Capabilities Director	128,417	21,491	-	-	-
Head of Legal Services (Monitoring Officer)	91,435	15,910	-	306	-
Strategy and Policy Director	112,277	19,536	-	-	-

Note: during February and part of March 2022 there was a short handover period between the departing and incumbent Chief Financial Officer.

The remuneration paid to the authority's senior employees in 2020/21 was as follows:

Role	Salary (£)	Employer Pension Contribution (£)	Taxable Allowances (£)	Professional Memberships (£)	Severance Payments (£)
Chief Executive (Head of Paid Service)	160,352	22,244	-	-	-
Barry White					
Chairman (pro-rata)	45,000	-	-	-	-
John Cridland					
- Chairman full-time equivalent	220,000				
NPR Programme Director	145,727	25,357	-	343	-
Major Roads Programme Director	97,108	16,897	511	369	-
Strategic Rail Director	115,869	20,161	533	-	-
Rail North Partnership Director	121,385	21,121	-	-	-
Chief Financial Officer (Section 151)	145,727	25,357	-	395	-
Business Capabilities Director	121,385	21,121	-	163	-
Head of Legal Services (Monitoring Officer)	85,583	14,891	-	328	-
Strategy and Policy Director	110,594	19,209	-	-	-
- Departed 08/01/2021					
Strategy and Policy Director	42,789	7,445	-	-	-
- Joined 1/12/2020					

TfN is also required to disclose the number of officers whose remuneration is in excess of £50,000. Remuneration is inclusive of salaries and other taxable benefits, but not employer pension contributions. This disclosure is made in bands of £5k and does not include those senior officers detailed above:

2020/21		2021/22
12	£50,000 – £54,999	12
8	£55,000 – £59,999	8
6	£60,000 – £64,999	10
2	£65,000 – £69,999	2
8	£70,000 – £74,999	2
8	£75,000 – £79,999	5
1	£80,000 – £84,999	3
1	£85,000 - £89,999	1
1	£90,000 - £94,999	-
-	£95,000 - £99,999	1
47		44

Note 25 - External Audit Costs

The fees payable to external auditors in 2012/22 with regard to external audit services carried out by the appointed auditor for the year were £45k (2021: £37k).

Note 26 - Related Parties

TfN's Board is made up of elected and Local Enterprise Partnership (LEP) representatives from all areas of the North, along with Secretary of State for Transport and co-opted non-voting representatives from Highways England, Network Rail and HS2 Ltd.

As a result of this governance structure TfN enters into a variety of financial transactions with partner organisations with whom we share common control.

This note seeks to highlight areas where transactions could have potentially been entered other than at arms-length.

Members
TfN's elected members have direct control over TfN's financial and operating policies. Members' interests outside of TfN are recorded in the register of gifts and hospitality maintained by the Monitoring Officer. These interests include positions held by members in other public bodies and private interests.

Material financial relationships between TfN and those bodies are detailed below.

Officers
Officers may be able to influence financial or operational practices. There were no transactions in 2021/22 with bodies in which officers had a pecuniary interest and were able to exercise such an influence.

Funding
TfN is almost entirely funded from the Department for Transport. The Secretary of State for Transport is represented on the Transport for the North Board leading to common control. During the financial year, grants to a value of £48.59m (2021: £57.31m) were received from the Department. Of this, £48.25m (2021: £53.31m) was recognised as income in the year, the remaining £0.34m (2021: zero) of unused grant is held as grant received in advance for use in the following financial year.

TfN is the recipient of local funding contributions for its Rail North activities. These contributions are made by the Rail North authorities (detailed in the narrative statement) and amounted to £0.63m (2021:

£0.62m) in the year. The northern Rail North authorities are represented on the Transport for the North Board, whilst all authorities sit on the Rail North Committee

TfN is also party to several contracts where it delivers prescribed services for partners. This includes project management work for North Yorkshire County Council and services funded by Network Rail related to the Trans-Pennine Route Upgrade project. In 2021/22 income was recognised to the value of £0.25m (2021: £0.24m).

Expenditure
Over the course of the year TfN was party to several arrangements where partner bodies supplied goods or services to the organisation.

Transport for Greater Manchester (TfGM) is the regional transport executive for Greater Manchester and controlled via Greater Manchester Combined Authority, a TfN Constituent Authority, the mayor of which is a Transport for the North Board member. Throughout the year TfGM has provided elements of Information and Communications Technology and facilities management support to the organisation on a contractual basis, whilst TfN's Manchester based office space is leased from TfGM. In total, TfN incurred expenditure of £0.48m (2021: £0.64m) with Transport for Greater Manchester.

Network Rail is the system operator for the northern rail network and are also represented on the Transport for the North Board. During the year, TfN engaged Network Rail in a number of rail studies in support of the Northern Powerhouse Rail programme. The cost of this activity in year was £26.40m (2021: £26.95m).

As part of the ITSO on Rail project within the Integrated and Smart Ticketing programme, TfN provides grant support to the northern train operating companies. Under this arrangement, Merseytravel, the regional transport executive for the Liverpool City Region area, have received grant support totalling £0.24m (2021: £0.73m).

Note 27 - Capital Expenditure and Capital Financing

During the year TfN incurred capital expenditure totalling £0.19m (2021: £4.53m). This expenditure was incurred in delivering the Integrated and Smart Ticketing programme.

The following note reflects that expenditure and sources of finance. Reflecting that TfN is almost entirely grant funded, all of this year's expenditure was funded from capital grant discrete to the Integrated and Smart Ticketing programme.

2020/21 £000		2021/22 £000
-	Opening Capital Financing Requirement	-
	Capital Investment:	
1,294	Intangible Assets	-
3,235	Revenue Expenditure Funded from Capital Under Statute	185
4,528	**Total Capital Spending**	**185**
	Sources of Finance:	
(4,528)	Government grants and other contributions	(185)
	Sums set aside from revenue:	
-	- Direct revenue contributions	-
(4,528)	**Total Sources of Finance**	**(185)**
-	**Closing Capital Financing Requirement**	**-**

Note 28 - Defined Benefit Pension Scheme

As part of the terms and conditions of employment of its officers, TfN makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, TfN has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Greater Manchester Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of Tameside Metropolitan Borough Council as the administering body. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. largescale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

General Fund Transactions

Comprehensive Income & Expenditure Statement

Cost of Services

2020/21		2021/22
£000		£000
	Service cost compromising:	
1,918	Current service cost	2,963
23	Past service cost	211
146	Net interest expense	262
2,087	**Total charged to Surplus or Deficit on Provision of Services**	**3,436**

Other post employment benefits charged to the Comprehensive Income & Expenditure Statement

2020/21		2021/22
£000		£000
	Re-measurement of the net defined benefit liability comprising:	
(1,475)	Return on plan assets (excluding the amount included in the net interest expense)	(859)
45	Actuarial gains and losses arising on changes in demographic assumptions	(255)
6,535	Actuarial gains and losses arising on changes in financial assumptions	(2,496)
(248)	Actuarial gains and losses arising on changes in other assumptions	53
4,857	**Total charged to Other Comprehensive Income & Expenditure Statement**	**(3,557)**
6,944	**Total charged to the Comprehensive Income & Expenditure Statement**	**(121)**

Movement in Reserves Statement

2020/21		2021/22
£000		£000
(2,087)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(3,436)
	Actual amount charged against the General Fund balance for pensions in the year	
1,135	Employers' contributions payable to the scheme	1,314

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

2020/21		2021/22
£000		£000
(22,155)	Present value of the defined obligation	(23,596)
10,266	Fair value of plan assets	13,142
(11,889)	**Total charged to Surplus or Deficit on Provision of Services**	**(10,454)**

Reconciliation of the movements in the fair value of scheme (plan) assets

2020/21		2021/22
£000		£000
6,824	Opening fair value of scheme assets	10,266
122	Revaluation of opening fair value of scheme assets	-
6,946	Revised opening fair value of scheme assets	10,266
179	Interest income	229
	Re-measurement gain/(loss):	
1,475	Return on plan assets (excluding the amount included in the net interest expense)	859
1,135	Contributions from employer	1,314
566	Contributions from employees into the scheme	536
(35)	Net benefits paid out	(62)
10,266	**Total charged to Surplus or Deficit on Provision of Services**	**13,142**

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

2020/21		2021/22
£000		£000
(12,904)	Opening balance at 1 April	(22,155)
(1,918)	Current service cost	(2,963)
(325)	Interest cost	(491)
(566)	Contributions from scheme participants	(536)
	Re-measurement gains and losses:	
(45)	Actuarial gains and losses arising on changes in demographic assumptions	255
(6,535)	Actuarial gains and losses arising on changes in financial assumptions	2,496
126	Actuarial gains and losses arising on changes in other assumptions	(53)
(23)	Past service cost	(211)
35	Net benefits paid out	62
(22,155)	**Total charged to Surplus or Deficit on Provision of Services**	**(23,596)**

Discretionary post-retirement benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions relating to post-employment benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge we are required to make is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Local Government Pension Scheme assets comprised

2020/21				2021/22		
Quoted £000	Unquoted £000	Total £000		Quoted £000	Unquoted £000	Total £000
204	**-**	**204**	**Cash & cash equivalents**	**411**	**-**	**411**
			Equity Securities			
901	-	901	Consumer	1,023	-	1,023
802	-	802	Manufacturing	914	-	914
498	-	498	Energy & utilities	622	-	622
1,078	-	1,078	Financial institutions	1,374	-	1,374
513	-	513	Health and care	701	-	701
542	-	542	Information technology	702	-	702
166	-	166	Other	161	-	161
4,500	**-**	**4,500**	**Subtotal Equity Securities**	**5,497**	**-**	**5,497**
			Debt Securities			
496	-	496	Corporate bonds (investment grade)	525	-	525
133	-	133	Corporate bonds (non-investment grade)	-	-	-
-	-	-	UK Government	226	-	226
-	-	-	Other	390	-	390
629	**-**	**629**	**Subtotal Debt Securities**	**1,141**	**-**	**1,141**
			Private Equity			
-	611	611	All	-	929	929
-	**611**	**611**	**Subtotal Private Equity**	**-**	**929**	**929**
			Real Estate			
-	384	384	UK property	-	509	509
-	**384**	**384**	**Subtotal Real Estate**	**-**	**509**	**509**
			Investment Funds & Unit Trusts			
922	-	922	Equities	870	-	870
1,301	-	1,301	Bonds	1,356	-	1,356
-	523	523	Hedge Funds	-	-	-
223	976	1,199	Commodities	-	-	-
-	-	-	Infrastructure	-	762	762
-	-	-	Other	265	1,491	1,756
2,446	**1,499**	**3,945**	**Subtotal Investment Funds & Unit Trusts**	**2,491**	**2,253**	**4,744**
			Derivatives			
(8)	-	(8)	Other	(89)	-	(89)
(8)	**-**	**(8)**	**Subtotal Derivatives**	**(89)**	**-**	**(89)**
7,772	**2,494**	**10,266**	**Total Assets**	**9,451**	**3,691**	**13,142**

Assumptions

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2019.

Financial

Period Ended	**31 March 2022**	**31 March 2021**
	%p.a.	**%p.a.**
Pension Increase Rate (CPI)	3.15%	2.8%
Salary Increase Rate	3.90%	3.55%
Discount Rate	2.75%	2.05%

Mortality

Average future life expectancies at age 65 are summarised below:

	Male	**Female**
Current Pensioners	20.3 years	23.2 years
Future Pensioners#	21.6 years	25.1 years

Note: #Figures assume members aged 45 as at the last formal valuation date.

Historic mortality

Life expectancies for the prior period end are based on the Fund's VitaCurves. The allowance for future improvements is shown below:

Current Pensioners	**Future Pensioners**
VitaCurves with improvements in line with the CMI 2020 model assuming a long-term rate of improvement of 1.50% p.a.	VitaCurves with improvements in line with the CMI 2020 model assuming a long-term rate of improvement of 1.50% p.a.

Please note that the mortality assumptions used to value the Obligations in the Employer's Closing Position are different to those used to value the Obligations in the Employer's Opening Position.

Commutation

An allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 60% of the maximum tax-free cash for post-April 2008 service.

Sensitivity analysis

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages). In order to quantify the impact of a change in the financial assumptions used, we have calculated and compared the value of the scheme obligations at the accounting date on varying bases. The approach taken is consistent with that adopted to derive the accounting figures provided in this report, based on the profile (average member ages, retirement ages etc) of the Employer as at the date of the most recent valuation.

The sensitivities regarding the principal assumptions used to measure the scheme are set out below:

Change in assumptions at 31 March 2022	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	3%	676
1 year increase in member life expectancy	4%	944
0.1% increase in the Salary Increase Rate	0%	84
0.1% increase in the Pension Increase Rate (CPI)	2%	586

Note 29 - Leases

TfN has two properties held under operating leases comprising the Leeds and Manchester offices. TfN also holds an operating lease for ICT equipment. The minimum lease payments due under non-cancellable leases in future years are:

31 March 2021 £000		31 March 2022 £000
369	Not later than one year	313
452	Later than one year and not later than 5 years	142
821	Total	455

The expenditure charged to the relevant service area within the Comprehensive Income and Expenditure Statement during the year in relation to these leases reflects a rent-free period on one of the leases which has been spread over the life of the lease in accordance with the Code. The charge was £0.59m (2021: £0.59m). This charge is allocated across all service areas.

Annual Governance Statement 2021/22

Introduction
This statement provides an overview of how Transport for the North's governance arrangements operate and reports on how they have been reviewed to ensure that they provide an effective system of internal control. It also summarises the governance challenges that the organisation faces, together with an explanation of what actions will be taken to implement improvements.

Transport for the North was established by the Sub-National Transport Body (Transport for the North) Regulations 2018 ("the 2018 Regulations") and came into being on the 1 April 2018, holding its inaugural meeting on 5th April 2018. This is therefore its fourth Annual Governance Statement and the organisation's Constitution, policies, procedures, and systems continued to be developed during 2021/22. As a Sub-National Transport Body, Transport for the North's core functions are to prepare a Transport Strategy for the area and to provide advice to the Secretary of State regarding the exercise of transport functions in the area. Transport for the North is funded in these activities by the Department for Transport.

The Transport for the North Board is made up of the representatives of the 20 Constituent Authorities in the North who are the voting Members of the Board, together with representatives of the six Rail North Authorities and the Independent Chair of the Partnership Board who are all co-opted Members on the Board. At its inaugural meeting the Transport for the North Board also appointed, as co-opted members, the representatives of the 11 Local Enterprise Partnerships in the Transport for the North Area and representatives of National Highways (formerly Highways England), Network Rail and HS2.

Transport for the North's governance arrangements are set out in its Constitution. All decisions relating to the Constitution, approval of the Budget and Business Plan and adoption of the Strategic Transport Plan are reserved to the Transport for the North Board. Other decisions are delegated to Committees, the Chief Executive, and other senior officers under the arrangements set out in the Constitution. The Rail North Committee oversees the management of the performance of the Northern and TransPennine Express rail contracts under a Partnership Agreement with the Secretary of State for Transport. The arrangements under the Partnership Agreement have continued under the new arrangements which have seen the Northern franchise taken over by the Operator of Last Resort (OLR) and the TransPennine Express franchise first moved onto an Emergency Measures Agreement during the Covid 19 pandemic and then on to a National Rail Contract.

The 2018 Regulations established Transport for the North and provided for the appointment of a Partnership Board to advise on matters relating to transport in the area. The membership of the Partnership Board includes the membership of the Transport for the North Board with the addition of a representative of the DfT. During 2019/20 Transport for the North decided to enlarge the Partnership Board and the Partnership Board now includes representatives from Disability UK, the Committee on Climate Change, Transport Focus and three regional TUC representatives.

Transport for the North has a Scrutiny Committee made up of elected Members appointed by the 20 Constituent Authorities whose role is to scrutinise the decisions recommended for approval by the Transport for the North Board and to make recommendations in relation to transport in the area. Transport for the North has decided to adopt a policy of "Scrutiny First" under which the Scrutiny Committee has an opportunity to comment on and influence decisions before they are made rather than scrutinising decisions which have already been taken.

Transport for the North has also established an Audit and Governance Committee consisting of five Board Members and four Independent Members, who have been publicly recruited on the basis of relevant skills, and whose role is to provide assurance to the Board on governance, risk management and the internal control framework. This year the General Purposes Committee has been set up and will begin to meet from February 2022. The committee will consider establishing its role and its relationship with Transport for the North Board and other Committees.

As reported in the 2020/21 Annual Governance Statement, since March 2020 Transport for the North, in common with the whole of the UK, has been affected by the Covid-19 pandemic. In response to the

emergency, Transport for the North implemented its Business Continuity Plan and was able to move to full remote working. The implementation of the Business Continuity Plan has enabled the continuation of Transport for the North's governance arrangements and its internal system of controls.

Since easing of the restrictions in June 2021, some of Transport for the North's Boards and Committees were able to be held in person with others continuing to be held as Consultation Calls to inform the exercise of officer delegated powers where necessary. All in-person meetings and consultation calls have continued to be streamed live to the public.

1.0 Scope of Responsibility

1.1 Transport for the North is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. Transport for the North also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

1.2 In discharging this overall responsibility, Transport for the North is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

1.3 Transport for the North has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework, Delivering Good Governance in Local Government. A copy of the Code of Governance is included in Transport for the North's Constitution and is on Transport for the North's website at http://www.transportforthenorth.com. Alternatively, it can be obtained via a written request to: Head of Legal, tfnlegalteam@transportforthenorth.com.

1.4 This Annual Governance Statement demonstrates how Transport for the North has reviewed the effectiveness of its internal systems of control and how it has complied with its adopted Code of Governance in carrying out its functions. It is published in accordance with the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015.

2.0 Delivering Good Governance in Local Government

2.1 The governance framework comprises the systems, processes, culture, and values, by which Transport for the North is directed and controlled and the processes through which it accounts to and engages with the community. It enables Transport for the North to monitor the achievement of its strategic objectives and to consider whether those objectives will lead to the delivery of its goal of transformational economic growth in the North of England, facilitated by improved transport infrastructure.

2.2 The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

2.3 The system of internal control consists of a number of processes, policies and procedures that have been put in place in order to identify and prioritise the risks to the achievement of Transport for the North's aims and objectives, to evaluate the likelihood and resultant impact of those risks materialising, and to manage them efficiently, effectively and economically.

2.4 The governance framework was in place at Transport for the North for the 2021/22 financial year and up to the date of approval of the Statement of Accounts.

3.0 The Corporate Governance Framework

Transport for the North has adopted a Corporate Governance Framework that incorporates the following Core Principles:

1. Focusing on the purpose of Transport for the North, and the outcomes for the community, and creating and implementing a vision for the area;

2. Members and officers working together to achieve a common purpose with clearly defined functions and roles;
3. Promoting values for Transport for the North and demonstrating the value of good governance through upholding high standards of conduct and behaviour;
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
5. Developing the capacity and capability of Members and officers to be effective;
6. Engaging with local people and stakeholders to ensure robust public accountability,
7. Compliance with Section 102I of the Local Transport Act 2008 imposes a requirement on Transport for the North, in the preparation of its Strategic Transport Plan, to have regard to the promotion of economic growth and the social and environmental impacts of the implementation of its proposals. This includes having regard for the impact of decisions on future generations.

The table below sets out examples of how Transport for the North has met the principles set out in the CIPFA Framework and also adhered to its governance commitments set out in the Code of Governance; the final document will include hyperlinks within the Evidence column to sources of further information.

A Behaving with integrity, demonstrating strong commitment to ethical values and respect for the rule of law	
Core Principle **Promoting values for Transport for the North and demonstrating the value of good governance through upholding high standards of conduct and behaviour**.	
How we met the principle	*Evidence*
Those Members of Transport for the North who are elected Members of a Local Authority are expected to adhere to the adopted Code of Conduct of their Local Authority while performing their duties in respect of Transport for the North. Other co-opted Members are expected to adhere to the Cabinet Office's Code of Conduct for Board Members of Public Bodies.	Constitution
Transport for the North has adopted a Code of Conduct for Officers and a Protocol on Member /Officer Relations, to which all officers are expected to adhere. Serious breaches of these Codes by officers would be investigated under the organisation's disciplinary code.	Code of Conduct for Officers (Constitution) Member/Officer Relations Protocol (Constitution)
Transport for the North's induction process for new recruits outlines the behaviours and values that are expected from officers.	Human Resources On-boarding Policies
Transport for the North has a zero-tolerance approach to fraud and corruption and has adopted strong Anti-Fraud & Corruption and Whistleblowing Policies which were reviewed in the previous Annual Governance Statement	Anti-Fraud and Corruption Policy (Constitution)
Members are required to make a declaration of their disclosable pecuniary interests and also to declare any disclosable pecuniary interests in the business of the meeting at the start of all meetings of the Transport for the North Board or its Committees, and to take no part in such	Constitution

business, but to leave the meeting. Members Declarations of Interest are available on the Transport for the North website.	Declarations of Interest
Transport for the North has adopted a Code of Practice in relation to Gifts and Hospitality which was reviewed during 2019/20 and training on the Code was rolled out across the organisation. Guidance in relation to gifts and hospitality is included in the induction for all new employees.	Code of Practice on Gifts and Hospitality Employees Induction
A register of Gifts and Hospitality is maintained by the Monitoring Officer, in which officers are required to declare any gifts or hospitality of more than nominal value which they have been offered, whether or not it has been accepted. An annual reminder is issued to all Employees and the Monitoring Officer reviews the register annually.	Register of Gifts and Hospitality
Transport for the North has appointed a Monitoring Officer who works with Members and Officers to ensure that Transport for the North complies with its legal duties and all legal requirements. This role is supported by a Deputy Monitoring Officer. Transport for the North has an in-house legal team, and the legal implications of all reports are considered and, where appropriate, legal advice provided within reports that inform decisions that are taken by Members. Legal advice is available to Members at all meetings of the Transport for the North Board and its Committees.	Constitution Board and Committee Reports
The Monitoring Officer has statutory reporting responsibilities in relation to any unlawful decisions or maladministration.	Constitution
The Finance Director as the Section 151 Officer has responsibility for ensuring proper arrangements for financial management and has statutory reporting duties in respect of unlawful expenditure and financially imprudent decision making.	Constitution
Transport for The North is committed to promoting Diversity and Inclusion across all areas of the business, which includes people leading the organisation and people working in it. During 2019 Transport for the North established a cross organisational Diversity in Action Group to develop a Diversity and Inclusion Action Plan to ensure that inclusion and diversity are embedded across the organisation both in employment practices and in the delivery of services and programmes. The key themes during 2021/22 focus around three main categories: • 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	Diversity Policy Diversity & Inclusion Group Terms of Reference

Each of the priorities, are underpinned by several activities, and using the Local Government Equality Framework, we ensure these are aligned to promote inclusion and diversity. Each of the activities will be assessed using an Equality Impact Assessment, which is also linked to our procurement activities, as well as our ways of working. This ensures that inclusion and diversity cut through all areas of TfN activity.	
B Ensuring openness and comprehensive stakeholder engagement	
Core Principle **Engaging with local people and stakeholders to ensure robust public accountability**	
How we met the principle	*Evidence*
Transport for the North's website is set out in a clear and accessible way, providing clear access to reports and minutes from Committee and Board meetings, along with updates on our core programmes and links to relevant documents. Transport for the North is also active on social media, which regularly shares links to the website where more information can be found (across several channels to widen audience), including promoting public meetings. All meetings of the Transport for the North Board and its formal Committees are held in public unless information which is either confidential under section 100A or exempt under Part 1 of Schedule 12A of the Local Government Act 1972 is to be disclosed. Copies of all minutes and agendas of the Board and formal Committees are available on Transport for the North's website. All reports contain details of options considered and the advice provided by officers regarding legal and financial and other key implications. The minutes include the reasons supporting the decisions made. Transport for the North has a Freedom of Information Publication Scheme in place and seeks to publish information openly on its website wherever possible and practicable to do so. During 2021/22, with Covid restrictions having been lifted, Transport for the North has held some of its decision-making meetings in-person with remaining meetings being held virtually, as consultation calls, in order to balance public safety concerns. It has continued to livestream meetings and proactively promoted this on online channels, as well as directly to interested parties. All agendas and minutes continue to be available on the website. TfN has explored hybrid meeting capabilities to allow attendees to participate remotely and interact effectively with the governance session. Given the subsequent relaxation of Covid legislation and guidance more face to face meetings are legally possible so further exploration of this is only proposed if specifically requested in the future Live streams are publicised via Transport for the North's social media platforms, and public attendance at meetings	Transport for the North website Board and Committee Agenda and Minutes Transport for the North website Transport for the North website

through watching the live stream has significantly increased from 2020/21 to the present.	
Under its 2018 Regulations, Transport for the North is required to establish a Partnership Board to advise it on all matters relating to transport to, from and within its area. The Partnership Board is a forum in which the elected Members of Transport for the North engage and consult with the business leaders of the area through representatives of the eleven northern Local Enterprise Partnerships and with the national transport delivery agencies Network Rail, Highways England and HS2. During 2019/20 Transport for the North reviewed the membership of the Partnership Board and widened its membership to include representatives of the Northern, North West and Yorkshire & Humber Regional TUC areas, Disability Rights UK, Transport Focus and the Committee on Climate Change. This has broadened the interests represented on the Partnership Board particularly in relation to the environment and the interests of the travelling public.	Transport for the North 2018 Regulations Constitution
Transport for the North carries out extensive stakeholder engagement through its Engagement team and the wider organisation. Transport for the North Officers meet regularly with Parliamentarians, Members and officers of other Authorities, representatives of the Welsh and Scottish devolved governments, representatives of business organisations, and other stakeholders, such as community groups. The types of events vary from attending All Party Parliamentary Groups (APPG) meetings in Parliament, including the Transport Across the North APPG for which TfN is the secretariat; to roundtable events, and speaking engagements across the North and the rest of the UK.	Memorandum of Understanding signed with the Welsh Government and Midlands Connect Memorandum of Understanding and Joint Engagement Action Plan agreed with National Highways
TfN's Annual Conference 2021 took place at the Queens Hotel in Leeds. Speakers included TfN representatives, Board Members, Government Ministers, and other relevant stakeholders. 241 delegates registered for the Conference; TfN had to limit registrations in line with the 200-maximum capacity as this was one of the first large public sector events held following the pandemic. The Conference was held as a hybrid event, the first for the region and sector on its scale, and the online viewing figures were particularly impressive when compared to other large events, such as the Convention of the North. The Main Hall and two breakout room viewing figures were 1,068 views, 464 views and 363 views respectively. Over the past 12 months, Transport for the North has facilitated TfNTalks webinars, covering Freight and Logistics, as well as on the Decarbonisation Strategy and accessibility of the transport networks. TfN are in the process of planning webinars on decarbonisation and transport related social exclusion.	

TfN has also facilitated the Decarbonisation Strategy Consultation, organised regional business briefings ahead of the Integrated Rail Plan publication and promoted the Freight and Logistics Strategy Consultation to hundreds of stakeholders, generating over 250 responses. Transport for the North facilitates regular podcast episodes, which cover a large variety of topics, updates on Transport for the North's work and other salient events and issues. As with other Transport for the North events, the podcast includes TfN representatives, Board Members, and other relevant stakeholders. TfN's podcast has grown over the past year; we have had 4,344 total plays over this period, which is represented by a +252% growth rate according to the statistics tracker on Soundcloud. TfN has recently launched a new Business Matters podcast series and hosted a popular series on '5 Ways to Level up the North' series with TfN Board Members. Also facilitated and advised on five Northern Evidence Academic Forum meetings on a variety of topics with a variety of influential academics; there has been an average of around 60 attendees for each meeting and it has had positive feedback.	
Transport for the North is committed to full public engagement. Extensive public consultation was carried out in 2018 prior to the adoption of the Strategic Transport Plan. In 2021 a full statutory consultation was held in relation to the Decarbonisation Strategy before the Board adopted the Strategy in November 2021. A consultation on the TfN Freight and Logistics Strategy commenced in January 2022. Transport for the North will continue with its broader engagement to raise its public profile and awareness of Transport for the North programmes. TfN has undertaken to engage fully with its Constituent Authorities and has established officer reference groups for all its major work programmes where officers from the different Local Authorities across the region have an opportunity to help formulate Transport for the North's policies and proposals at an early stage. TfN is in the process of developing new approaches to citizens' engagement including the piloting of a citizens' panel. Transport for the North also brought together a number of informal Members Working Groups to ensure the views of Transport for the North's constituent authorities and their communities are heard and understood via their elected representatives. This engagement contributed to the development of Transport for the North's different programmes and initiatives, including the Northern	Strategic Transport Plan Decarbonisation Strategy Consultation

Transport Charter and in support of business planning for 2021/22. During 2019/20 Transport for the North developed a new monthly operating report for Members, designed to support scrutiny and challenge of its programmes and operations. This report provides qualitative and quantitative performance information in a single report. The Monthly Operating Report has continued to be delivered during 2021/22 providing Members and the public with detailed information about the performance of Transport for the North's major programmes and operational activities.	Monthly Operating Report
C Defining outcomes in terms of sustainable economic, social, and environmental benefits	
Core Principle **Having regard to the promotion of sustainable economic growth, and the social and environmental impacts of its proposals and having regard for the impact of current decisions and actions on future generations.**	
How we met the principle	*Evidence*
The creation of sustainable economic growth is a key driver behind the Strategic Transport Plan (STP). The initial Northern Powerhouse Independent Economic Review (NPIER) published in 2016 identified the persistent gap in GVA per capita and productivity performance in the North compared to the rest of the United Kingdom. The main purpose behind the establishing of Transport for the North is to achieve a rebalancing of the United Kingdom's economy through improvements to transport and connectivity between the major conurbations in the North and across the region. Work is currently underway to begin the process of updating the NPIER with an intention to refresh the work in 2022/23.	Northern Powerhouse Independent Economic Review
In developing the STP TfN undertook a thorough evaluation of the environmental and sustainability impacts of the proposals contained in the Plan.	STP Evidence base
The STP outlined how the climate and environment will be factored in the design and development of transport interventions and plan. TfN's Decarbonisation Strategy demonstrates a trajectory or "pathway" to 2045, which was developed in collaboration with partners and demonstrates what is required to deliver the ambitions of the STP and local transport plans in tackling carbon impacts and reductions from transport.	Integrated Sustainability Appraisal
During 2021/22 Transport for the North consulted on and adopted the first Decarbonisation Strategy for the North of England which sets ambitious targets for decarbonisation across the North by 2045.	Decarbonisation Strategy
The Northern Transport Charter outlines an 'Inclusive and Sustainable North' as a key Transport for the North priority. This recognises that Transport for the North's investment programme must: contribute towards a reduction in carbon	The Northern Transport Charter

emissions; reduces transport related social exclusion; and, wherever possible, seek to deliver environmental enhancements. As such work in 2021/22 has focused on exploring with members principles for prioritisation and trade-offs between these outcomes and will be further developed in financial year 2022/23. Proportionate environmental and sustainability assessments will be undertaken in relation to all proposals for infrastructure developments as part of the development or appraisal of options. Transport for the North's Technical Assurance, Modelling and Economics (TAME) function has developed an Analytical Framework which consists of a series of analytical and modelling tools including NELUM (Northern Economy and Land Use Model), NoHAM (Northern Highway Assignment Model) and NorTMS (Northern Transport Modelling System). The tools contribute to the provision of evidence to support the promotion of the economic and social evidence-based analysis of Transport for the North's transformational programmes. The Analytical Framework reflects Transport for the North's commitment to evidence-based decision making and provides a consistent evidence base to support the decision-making process on the sequencing of future interventions. This provides comfort to our Members, Constituent Authorities, and the Department for Transport that Transport for the North has fit-for-purpose decision making processes. The Research and Economics team within Transport for the North also regularly commission external research and undertake internal analysis to support evidence-based policy making across TfN. Over the past 12 months TfN has completed research into Transport Related Social Exclusion, the Visitor Economy, Transport User Insights and Monitoring and Evaluation. All reports presented to the Transport for the North Board and its formal Committees contain an assessment of the implications of the report in terms of sustainability, environmental impact, and equality impacts. The Strategic Plan and Investment Programme set out transport interventions which will benefit future generations beyond 2050.	Transport for the North's Analytical Framework Board Reports Strategic Transport Plan and Investment Programme
D Determining the interventions necessary to optimise the achievement of the intended outcomes	
Core Principle **Focusing on the purpose of Transport for the North and the outcomes for the community and creating and implementing a vision for the area.**	
How we met the principle	*Evidence*
The Strategic Transport Plan is a pan regional strategy that is based on a robust evidence base and sets out our vision	Strategic Transport Plan

for transformational change in relation to transport infrastructure in the North. The Investment Programme (published February 2019) set out TfN's recommendations for the appropriate pipeline of strategic transport schemes over the period up to 2050. In 2020/21 TfN qualitatively appraised and sequenced the programme to develop a recommended investment pipeline over three broad delivery time frames. (pre-2027, 2027-2033 and post 2033). In Spring 2022 TfN will report on further work, utilising TfN's analytical framework to quantitatively appraise the economic, social, and environmental outcomes from the programme. This will support TfN in making recommendations to Government on strategic transport investment priorities. Transport for the North is committed to improving the standard of service provided by the railway network in the North and, under a partnership with the Secretary of State, manages the performance of the contracted railways in the region, Northern Rail and TransPennine Express. Through rigorous monitoring of the performance of these railways, Transport for the North has held their management to account and was instrumental in ensuring that the Northern Rail Franchise was taken back into public control. During the pandemic, Transport for the North was instrumental in developing the North of England Contingency Group which brought together all the Local Authority lead rail officers, Train Operators and Network Rail to ensure that an emergency timetable was introduced to support front line workers and ensure they were able to travel to and from work during the pandemic lockdowns. During 2020/21, the Northern Powerhouse Rail (NPR) programme continued to develop the strategic case for the NPR rail network to link all the major urban centres of the North by a fast and reliable rail link. The NPR team worked with partners to refine the options to enable Transport for the North to provide statutory advice to the Government on its preferred route and to enable it to submit to Government, in partnership with the DfT, a Strategic Outline Case demonstrating the benefits to the North of its proposals. Building upon the qualitative sequencing of the Investment Programme, TfN has taken forward a quantitative benefits analysis of the programme, with the aim of supporting TfN in making recommendations on Transport Investment priorities by December 2023. In support of a key action in TfN's Decarbonisation Strategy TFN has led on development of an Electric Vehicle Charging Infrastructure (EVCI) evidence base for the North. This identifies future requirements for EVCI across all areas of the North and provides a valuable basis on to plan EVC investment. Outputs of the work have been shared with TfN Partners, OZEV and the North's Electricity Distribution Network Operators (DNO's).	Evidence Base Investment Programme

In December 2021 TfN published the updated Major Roads Report, setting out a balanced view of how we should manage, operate, and invest in our Major Roads to reflect the needs and priorities of communities in the 21st century. TfN has led a review of Major Roads Network (MRN) and Large Local Major (LLM) interventions and submitted a report to DfT, with recommendations for the MRN/LLM Programme in the North. The Major Roads and Strategy teams have engaged with National Highways on the initial development of the evidence base for the Route Strategies, which will underpin the evidence base for the Government's future Road Investment Strategies. Throughout the year TfN has continued to monitor the impact of the pandemic on travel patterns and behaviours. And have completed data collection on journey time reliability and geographical distribution of traffic using the MRN in 2020 and 2021. TfN has worked collaboratively with the other Sub-National Transport Bodies and inputted into co-ordinated engagement with key national bodies such as the DfT, National Highways, Network Rail and the Office for Road and Rail. One of Transport for the North's long-term ambitions for the North was to develop electronic ticketing across the North that could deliver the fair price promise and daily fare capping. This was being delivered through the IST Programme. Whilst Government funding cuts have meant that the current programmes have had to be curtailed, in its place Transport for the North is now working to develop a Northern Digital Mobility Strategy. This will be shaped by members to facilitate and empower the efficient local delivery of digital and ticketing interventions. The strategy will add value by sharing existing best practice, scaling the evidence base derived from local pilots and identifying any areas for collaboration. This is alongside planning for cross regional and cross modal integration of ticketing systems.	
E Developing the organisation's capacity, including the capacity of its leaders and the individuals within it	
Core Principle **Developing the capacity and capability of members and officers to be effective**	
How we met the principle	*Evidence*
Transport for the North has adopted officer development programmes, including a thorough initial corporate induction programme for all new officers and line managers. All new employees to Transport for the North are subject to a formal six-month probationary process where performance	Corporate Induction Guidance Probationary Policy

is assessed alongside the provision of initial learning and development support and guidance.	
Annual staff appraisals and half yearly reviews enable the management team to review both capacity and capability within their teams and identify any individual training and development needs. Key Performance objectives are captured in the online appraisal tool 'PERFORM' and training is delivered via the core curriculum of training.	Transport for the North Appraisal Guide
Role specific training needs are met through work-based learning and investment in software to enable effective outputs. Further career development is supported via the procurement of appropriate interventions to best meet individual and organisation needs.	Learning and Development Policy
Where appropriate the organisation funds specialist training courses for officers and supports continuous professional development. Members of the Senior Management Team have undertaken leadership training, with this programme also being rolled out to junior and aspiring leaders during 2021/22.	
Transport for the North has incorporated Apprentices into the workforce plan at key points of entry. This is underpinned by strong relationships with Training Providers and internal support via Mentors and Line Managers. Mentors are provided with full Training.	
As Transport for the North introduces new policies and procedures, training sessions are held to make officers aware of these. Information on all policies and procedures is available on the Intranet and through our Learning Management system via e-learning modules.	
Transport for the North has invested in an e-learning and development tool "Learn" and all officers are encouraged to take advantage of this.	
Employee well-being forms a core element of Transport for the North's learning and development programme with the management of mental health at the heart of this activity. In normal times well-being events are held on a quarterly basis and Mental-Health First Aiders are on hand at both our operational bases in Leeds and Manchester.	Mental-Health First Aiders Protocol
During the pandemic employees' welfare has been particularly important and Transport for the North has held regular wellbeing sessions for all employees addressing mental and physical health and wellbeing including physical activity sessions such as Yoga, mental health sessions such as mindfulness and nutrition and healthy eating. To date, a total of 51 wellbeing sessions have been completed with attendance by 865 delegates. Employees are also encouraged to support each other through daily interactions on Yammer and through virtual social events.	
F Managing risks and performance through robust internal control and strong public financial management	
Core Principle	

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk	
How we met the principle	*Evidence*
Transport for the North has adopted robust procedures for identifying, analysing, and managing risk. During 2021/22, to strengthen the robustness of the RMS, Transport for the North adopted a risk management software package ("Predict!") which will assist directorate and programme teams in the timely capture, escalation and reporting of risks, as set out in the RMS. The Audit and Governance Committee is responsible for independently monitoring and assessing the adequacy and effectiveness of the risk management framework with particular focus on: (i) the risk management strategy for managing key risks; (ii) risk ownership, accountability, and the development of mitigating actions; (iii) the alignment of internal audit and other assurance planning through a risk-based approach to auditing; and (iv) receiving reports from management on the adequacy and effectiveness of the internal control and risk management framework. Transport for the North has a Risk Manager who is responsible for reporting on risk to the Finance Director. The Corporate Risk Register Report is a standing item on the agenda of the Audit and Governance Committee. The organisation has adopted a robust process for identifying, assessing, and mitigating risks and these are reported regularly to the internal Operations Board through the Monthly Operating Report, the Audit & Governance Committee and, twice a year to the Board. In accordance with the Constitution, the Finance Director is responsible for the presentation of Corporate Risks to the Transport for the North Board. Project management systems are in place for all programmes and Programme Directors' report regularly on performance to Programme Boards and to the Transport for the North Board. Transport for the North has put in place a strong system of financial governance to manage and control its financial affairs. The Finance Director has overall responsibility for ensuring the effectiveness of internal controls. The Finance Director is supported by the Financial Controller who has day to day responsibility for ensuring adherence to the adopted processes and procedures. Transport for the North has adopted rigorous procurement approval procedures which ensure that all procurements comply with its contract procurement rules. Robust people management policies and procedures have also been adopted and embedded within Transport for the	Risk Management Strategy (RMS) Risk Management System (Part of Transport for the North's Risk Management Strategy) Constitution Governance Framework Reports to Audit and Governance Committee and Transport for the North Board Contract Procedure Rules

North in relation to code of conduct, recruitment and selection, probationary management, performance management, conduct and capability and absence management. This framework of policies and procedures for managing individual performance, conduct, capability, and attendance at work.	Recruitment & Selection, Probationary, Absence & Welfare, Performance Improvement, Disciplinary, Code of Conduct Policies
G Implementing good practices in transparency, reporting and audit to deliver effective accountability	
Core Principle **Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**	
How we met the principle	*Evidence*
Transport for the North considers the available evidence when making decisions. Transport for the North commissions extensive research for all its programmes and explores different options before prioritising proposals.	Officer reference groups and ways of working.
The Strategic Transport Plan is based on a robust evidence base and was subject to a 13-week statutory consultation exercise during which officers and Members considered in detail the representations made by members of the public and stakeholders. The Strategic Plan is available for public inspection on the website. In addition to this in FY 21/22 our Decarbonisation Strategy also underwent a full 12-week public consultation and our Freight & Logistics Strategy has undertaken a public consultation utilising a virtual room, to garner views and help strengthen the strategies.	STP and Evidence base
Transport for the North has established a Scrutiny Committee made up of elected representatives from the 20 Constituent Authorities. The Board made a decision at its inaugural meeting to adopt a "Scrutiny First" model and so all major decisions are subject to scrutiny before they are presented to the Board. The Scrutiny Committee therefore has an opportunity to influence the Board's decisions before they are made, rather than reviewing decisions after they have been taken.	Constitution
The Committee meets regularly and is supported by Transport for the North officers. It subjects proposals to scrutiny before they are presented to the Transport for the North Board, with the recommendations of the Scrutiny Committee being included in the officer's final report to the Board.	
All policies and proposals developed by Transport for the North are considered first at Officer Reference Groups, made up of officers from all the Constituent Authorities, and then by the internal Operating Board of Transport for the North Directors. Policies and proposals are then further considered by the Executive Board comprising the Chief Executives (or their nominees) of all the Constituent Authorities, before being reported to the Transport for the North Board.	Reports to Operations Board, Executive Board, Scrutiny Committee, and the TfN Partnership Board / TfN Board.
All major work programmes also have Programme Boards, which are attended by representatives of the DfT, where the	

progress of these programmes is regularly reviewed against agreed milestones and where major decisions are discussed.	
During 2021/22 the Northern Powerhouse Rail project was co-clienting with the DfT (as it had been in previous years) under a Memorandum of Understanding with the DfT that was approved by the Transport for the North Board on 12th March 2020 setting out governance arrangements including regular reporting of finances, performance, and risk to a Programme Board. Following the publication of the Integrated Rail Plan for the North and Midlands by Government in November 2021 this role will change to that of co-sponsor in 2022/23.	Constitution
Transport for the North operates under Memorandum of Understanding with the Secretary of State for Transport and Officers of Transport for the North meet with representatives of DfT at regular Sponsorship Meetings.	Memorandum of Understanding with the Secretary of State
During 2020/21 Transport for the North has produced a Monthly Operating Report that bring together performance and financial information to provide greater transparency in relation to ongoing operations. This report is provided to all members of the Transport for the North Board, the Scrutiny Committee and the Audit and Governance Committee so that all members have the information they need to challenge Transport for the North's performance.	Monthly Operating Report
The Rail North Partnership Team reports regularly to the Rail North Committee and is responsible to the Rail North Partnership Board which is made up of officers of the Constituent Authorities and the DfT where decisions in relation to the management of the performance of the Northern and TransPennine Express rail contracts.	Rail North Partnership Board
Transport for the North has adopted robust procedures for identifying, analysing, and managing risk. The risks are presented for discussion to Transport for the North's Operating Board, Audit and Governance Committee, DfT, and Transport for the North Board.	Programme and Corporate Risk Reports
Transport for the North has an Audit and Governance Committee which is responsible for independently monitoring and assessing the adequacy and effectiveness of the risk management framework.	Constitution Corporate Governance Framework
The Audit and Governance Committee receives a risk report at every meeting and the Committee selects key risks which it wishes to explore in greater detail.	
The Audit and Governance Committee includes four Independent Members appointed after a public recruitment exercise to provide an independent focus and additional expertise to support the Committee in its role.	
The Finance Director is responsible for the internal audit function. This has been contracted out to RSM which operates within an Annual Audit Plan that is approved by the Audit & Governance Committee. RSM attends each	Reports to Audit and Governance Committee and Transport for the North Board

committee meeting and reports on progress against the Audit Plan. Mazars were appointed as Transport for the North's external Auditors via the PSAA. The firm attends every meeting of the Audit & Governance Committee where it provides updates on progress throughout the year and can gain in-depth insights into the workings of Transport for the North. During 2021/22 the TfN Board approved the renewal of the PSAA arrangement for the next three years. In line with best practice, Transport for the North publishes financial transparency reports each quarter, detailing all individual items of expenditure greater than £500 and all procurement card spend. Organisational organograms and salary information is also made available for public consumption on the external website.	Annual Audit Plan Transparency Reports Transport for the North website

Annual Review of the Effectiveness of the Governance Framework
The effectiveness of key elements of the governance framework are assessed throughout the year by the Chief Executive and Directors meeting as the Operations Board (OBT), by internal audit and by the Audit and Governance Committee. Significant risks are included in the Monthly Operating Report. Performance in relation to corporate risks is a standing item on the agenda of the Audit and Governance Committee and is reported twice a year to the Transport for the North Board. Significant risks to performance in relation to key programmes is also reported as required to the Executive Board of Senior Officers of the Constituent Authorities at a monthly meeting.

Governance Challenges (ongoing and completed)

Subject	**Action**	**Progress**	**Target Completion Date**
Review of the Constitution	To review the Constitution to bring in changes flowing from the Blake-Jones Review and the wider Members' review of the role of Transport for the North.	The review was postponed awaiting the publication of the findings of the Williams Review. Ad hoc review has been carried out, although more detailed ongoing review will be required.	Ongoing.
Review of TfN Boards and Committees with particular reference to the General Purposes Committee	To review the function of all Boards and Committees and to develop the General Purposes Committee for matters that do not require full Board sign off but sit above the delegated powers of the Chief Executive.	The first meeting of the General Purposes Committee is Wednesday 23rd February 2022.	Ongoing.

Adoption of the Policy Development Framework	Implement and embed the Policy Development Framework in Transport for the North decision-making processes.	TfN is implementing a Policy Development Framework to support internal decision-making processes and ensure consistent development of TfN policies and advice to the TfN Board.	31/03/22
Provision of hybrid meetings for all governance sessions, to be explored only if specifically requested in the future	New hybrid meeting hardware has been purchased and is undergoing final testing.	Test meeting will be arranged before final roll-out to Committees and Boards. Further work needs to be undertaken to address quoracy matters.	Ongoing
Board Reporting	Embed and refine the Monthly Operating Report to ensure alignment of quantitative and qualitative reporting.	Monthly Operating Reports produced and circulated to Members on an ongoing basis.	Completed
Virtual Meetings in response to the Covid 19 Pandemic	Enable remote attendance by both Members and the public at meetings of the Transport for the North Board other Committees	Virtual Meetings established for all Boards and Committees and Virtual Meetings Procedure Rules adopted.	Completed
Review of Scrutiny function and in particular the policy of "Scrutiny First"	The review of the Scrutiny Committee took place over the previous 12 months; the Committee agreed to continue with the function and Scrutiny First policy.	Reports to TfN Board go through Scrutiny Committee first and now include comments from the Committee within them.	Completed
Appointment of new Chief Executive & Chair	To appoint a new Chief Executive and a new independent Chair of TfN Board and Partnership Boards.	Martin Tugwell appointed as Chief Executive in August 2021. Lord Patrick McLoughlin appointed as Chair in January 2022.	Completed

Conclusion
The governance arrangements as described above have been applied throughout this year and up to the date of the Annual Accounts providing an effective framework for identifying governance issues and taking mitigating action. Over the coming year Transport for the North will continue the operation of the governance framework and take steps to carry out the actions for improvement identified in the review of effectiveness to further strengthen its governance arrangements.

Signed …….
Lord Patrick McLoughlin
Chair of the Transport for the North Board
29 September 2022

Signed…….
Martin Tugwell
Chief Executive
29 September 2022

Glossary

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because;

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

ASSET

An item having value to the authority in monetary terms. Assets are categorised as either current or non-current

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
- A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.

AUDIT OF ACCOUNTS

An independent examination of the Authority's financial affairs.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BORROWING

Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

The capital schemes the Authority intends to carry out over a specific period of time.

CIPFA

The Chartered Institute of Public Finance and Accountancy

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's accounts.

CONTINGENT LIABILITY

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CREDITOR

Amount owed by the Authority for work done, goods received, or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR

Amount owed to the Authority for works done, goods received, or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

AMORTISATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EQUITY

The Authority's value of total assets less total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.

IMPAIRMENT

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

INFRASTRUCTURE ASSETS

Fixed assets belonging to the Authority that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY

A liability is where the Authority owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Authority without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for amortisation.

NET DEBT

The Authority’s borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and as such are not apportioned to services.

NON-OPERATIONAL ASSETS

Fixed assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE

A lease where the ownership of the fixed asset remains with the lessor.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

RELATED PARTIES

There is a detailed definition of related parties in FRS 8. For the TfN's purposes related parties are deemed to include the Authority's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS

The Statement Of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)

Expenditure which ordinarily would be revenue but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

USEFUL ECONOMIC LIFE (UEL)

The period over which the Authority will derive benefits from the use of a fixed asset.

Independent auditor's report to the members of TfN

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Transport for the North for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of Transport for the North as at 31st March 2022 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The Interim Finance Director is responsible for the other information. The other information comprises

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

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

We have nothing to report in this regard.

Responsibilities of the Interim Finance Director for the financial statements

As explained more fully in the Statement of Responsibility for the Accounts, the Interim Finance Director is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view. The Interim Finance Director is also responsible for such internal control as the Interim Finance Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Interim Finance Director is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and prepare the financial statements on a going concern basis on the assumption that the functions of Transport for the North will continue in operational existence for the foreseeable future. The Interim Finance Director is responsible for assessing each year whether or not it is appropriate for Transport for the North to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of Transport for the North, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015 and we considered the extent to which non-compliance might have a material effect on the financial statements.

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

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

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

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

- making enquiries of management and the Audit and Governance Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

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

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

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

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

Matter on which we are required to report by exception

We are required to report to you if, in our view we are not satisfied that Transport for the North has

made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have not completed our work on Transport for the North's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in December 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2022.

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

Responsibilities of Transport for the North

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

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

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

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

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

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

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

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of Transport for the North, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of Transport for the North those matters we are required to state to them in an auditor's report and for no other purpose. To the

fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of Transport for the North, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

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

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

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

Karen Murray,
Audit Partner

For and on behalf of Mazars LLP

1 St Peter Square
Manchester
M2 3DE

September 2022

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M1 3BN

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TRANSPORT FOR THE NORTH

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Audit Completion Report

Transport for the North

Year ended 31 March 2022

September 2022



mazars

Contents

01 Executive summary

02 Status of the audit

03 Audit approach

04 Significant findings

05 Internal control recommendations

06 Summary of misstatements

07 Value for Money

Appendix A: Draft management representation letter

Appendix B: Draft audit report

Appendix C: Independence

Appendix D: Other communications

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

Audit and Governance Committee
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Manchester,
M1 3BN

Mazars LLP
1 St Peter Square
Manchester
M2 3DE

5 September 2022

Dear Members

Audit Completion Report – Year ended 31 March 2022

We are pleased to present our Audit Completion Report for the year ended 31 March 2022. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 14 July 2022. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

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

Yours faithfully

Signed: {{_es_:signer1:signature }}

Karen Murray
Mazars LLP

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We are registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: 839 8356 73

01

Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2021/22 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

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

- Management override of controls; and
- Net defined benefit liability valuation

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

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2022.

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

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



Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



Value for Money

We anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that TfN has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 7 of this report



Whole of Government Accounts (WGA)

We have not yet received group instructions from the National Audit Office in respect of our work on the TfN's WGA submission. We are unable to commence our work in this area until such instructions have been received.



Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of TfN and to consider any objection made to the accounts. No such correspondence from electors has been received.

02

Section 02:

Status of the audit

2. Status of the audit

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

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



Likely to result in material adjustment or significant change to disclosures within the financial statements.



Potential to result in material adjustment or significant change to disclosures within the financial statements.



Not considered likely to result in material adjustment or change to disclosures within the financial statements.

03

Section 03:

Audit approach

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in July 2022 and have not made any changes to our audit approach since then.

Materiality

Our provisional materiality at the planning stage of the audit was set at £1.251m using a benchmark of 2% of gross operating expenditure. Our final assessment of materiality, based on the final financial statements is £1.091m using the same benchmark.

Use of experts

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

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

Service organisations

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

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

04

Section 04:

Significant findings

4. Significant findings

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

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

Significant risks

Management override of controls	**Description of the risk** In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.
	How we addressed this risk We addressed this risk through performing audit work over: • Accounting estimates impacting amounts included in the financial statements; • Consideration of identified significant transactions outside the normal course of business; and • Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.
	Audit conclusion Our work has provided the assurance we sought in the above areas and has not highlighted any material issues to bring to your attention.

4. Significant findings

Net defined benefit liability valuation	**Description of the risk** The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.
	How we addressed this risk We completed the following procedures: • We discussed with key contacts any significant changes to the pension estimates. In addition to our standard programme of work in this area, we evaluated the management controls you have in place to assess the reasonableness of the figures provided by the Actuary and considered the reasonableness of the Actuary's output, referring to an expert's report on all actuaries nationally. • We reviewed the appropriateness of the key assumptions included within the valuations, compared them to expected ranges and reviewed the methodology applied in the valuation. We considered the adequacy of disclosures in the financial statements. • We also sough assurance from the auditor of the Greater Manchester Pension Fund.
	Audit conclusion Our work is ongoing as we require the pension fund auditor's letter of assurance. We have not identified any material issues to bring to your attention at this stage.

4. Significant findings

Qualitative aspects of TfN's accounting practices

We have reviewed TfN's accounting policies and disclosures and concluded they comply with the 2021/22 Code of Practice on Local Authority Accounting, appropriately tailored to the TfN's circumstances.

Draft accounts were received from TfN on 6 June 2022 and were of a good quality and working papers were of a good standard to support the financial statements.

Significant difficulties during the audit

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

Wider responsibilities

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

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2021/22 audit.

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

05

Section 05:

Internal control recommendations

5. Internal control recommendations

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

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

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	0
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	1

5. Internal control recommendations

Other recommendations in internal control – Level 3

Description of deficiency

We tested one leaver where the system is still assigned with roles even after leaving date of 25 Feb 2022.

Potential effects

There is a risk that users may continue to have access to the TFN's information after they have left, resulting in the possible theft of sensitive and/or commercial information. Active accounts may be accessed and used for unauthorised activity.

Recommendation

The leavers process should be followed in all circumstances. Any deviations from the agreed procedure should be considered on a case by case basis and approved at the appropriate level.

Management response

The connection between our Azure Active Directory (AAD) and MS Dynamics 365 (D365) is intrinsically linked. When an account is created in D365 it is actually an import/link to our AAD, allowing access for the user using the credentials created within AAD. Therefore when access to an AAD account is removed the access to D365 is also removed. A D365 account remains but without the link to an AAD user, access will not be permitted. User account passwords are only stored within AAD therefore again, with the removal of the AAD user account no access will be possible. Therefore in this case although a user left the organisation and the D365 account remained, this could not be used to access any D365 functionality because their AAD account access had been removed.

Follow up on previous internal control points

We have no internal control recommendations relating to 2020/21 to follow up.

06

Section 06:

Summary of misstatements

6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £33,000. There were no adjusted errors. The table below outlines the misstatements that have been left unadjusted by management.

Unadjusted misstatements

		CIES		BS	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Intangible Assets			143	
	Cr: CIES Expenditure		143		
	One intangible asset should have been amortised over its useful economic life up to December 2022 but was fully amortised as at 31 March 2021. The impact in 2021/22 would be to increase the asset value on the balance sheet by £143k as at 31 March 2022. As this is not material, management has decided not to adjust.				

Disclosure amendments

We identified a number of trivial errors that were adjusted in the financial statements (eg. typos, roundings). We have identified the following non-trivial disclosure errors:

Note 26 Related Party Transactions: The funding section of the note was amended to remove IST grant of £34k which related to the previous year.

07

Section 07:

Value for Money

7. Value for Money

Approach to Value for Money

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

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

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

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

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

The primary output of our work on TfN's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report.

Status of our work

We are yet to complete our work in respect of TfN's arrangements for the year ended 31 March 2022. At the time of preparing this report, we have not identified any significant weaknesses in arrangements that require us to make a recommendation, however we continue to undertake work on TfN's arrangements.

Our draft audit report at Appendix B outlines that we have not yet completed our work in relation to TfN's arrangements. As noted above, our commentary on TfN's arrangements will be provided in the Auditor's Annual Report within 3 months of the opinion date.

7. Value for Money

Risks of significant weaknesses in arrangements

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

	Risk of significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Work undertaken and conclusions reached
1	**Financial Sustainability** The Integrated Rail Plan for the North and Midlands, published in November 2021, set out that the arrangements for Northern Powerhouse Rail (NPR) would transition from a co-client hosted by TfN to sole-client by the Department for Transport (DfT). The Transport Development Fund grant to TfN for the NPR programme therefore ceases as at 31 March 2022. The 40% reduction to Core funding in 2021/22 was mitigated, with the assistance of the DfT, by £1.5 million of recharges into the NPR programme and a release of £2.5 million of TfN reserves. Neither of these options is available in 2022/23 given the change in arrangements. The full impact of the funding reductions now have to be managed in 2022/23 and beyond. This represents a significant risk in respect of financial sustainability.	●			**Work undertaken** We have not completed our work in this area. At this stage, we have no significant weaknesses in arrangements to report. **Conclusions** We have not identified any significant weaknesses in arrangements at this time but work is still ongoing.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter

Karen Murray
1 St Peter Square
Manchester
M2 3DE

September 2022

Dear Karen

Transport for the North - audit for year ended 31 March 2022

This representation letter is provided in connection with your audit of the financial statements of Transport for the North for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code).

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

My responsibility for the financial statements and accounting information

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

My responsibility to provide and disclose relevant information.

I have provided you with:

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

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

Accounting records

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

Accounting policies

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

Accounting estimates, including those measured at fair value

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

Contingencies

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

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

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

There are no contingent gains which should be disclosed.

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

Appendix A: Draft management representation letter

Laws and regulations

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

Fraud and error

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

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

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

Related party transactions

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

Impairment review

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

Charges on assets

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

Future commitments

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

Ukraine

We confirm we have carried out an assessment of the potential impact of Russian Forces entering Ukraine on Transport for the North and there is no significant impact on the Transport for the North's operations from restrictions or sanctions in place.

Subsequent events

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

Going concern

I confirm that I have carried out an assessment of the potential impact of the COVID-19 Virus pandemic on Transport for the North, including the impact of mitigation measures and uncertainties and am satisfied the going concern assumption remains appropriate and that no material uncertainty has been identified.

To the best of my knowledge there is nothing to indicate that Transport for the North will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Appendix A: Draft management representation letter

Annual Governance Statement

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

Unadjusted misstatements

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

Yours sincerely

Interim Finance Director

Appendix B: Draft audit report

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

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Transport for the North for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of Transport for the North as at 31st March 2022 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Appendix B: Draft audit report

Other information

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

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

We have nothing to report in this regard.

Responsibilities of the Interim Finance Director for the financial statements

As explained more fully in the Statement of Responsibility for the Accounts, the Interim Finance Director is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view. The Interim Finance Director is also responsible for such internal control as the Interim Finance Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Interim Finance Director is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and prepare the financial statements on a going concern basis on the assumption that the functions of Transport for the North will continue in operational existence for the foreseeable future. The Interim Finance Director is responsible for assessing each year whether or not it is appropriate for Transport for the North to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of Transport for the North, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015 and we considered the extent to which non-compliance might have a material effect on the financial statements.

Appendix B: Draft audit report

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

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

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

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

- making enquiries of management and the Audit and Governance Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

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

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

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

Appendix B: Draft audit report

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

Matter on which we are required to report by exception

We are required to report to you if, in our view we are not satisfied that Transport for the North has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have not completed our work on Transport for the North's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in December 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2022.

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

Responsibilities of Transport for the North

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

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

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

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

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

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

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

We have nothing to report in these respects.

Appendix B: Draft audit report

Use of the audit report

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

Delay in certification of completion of the audit

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

- the work necessary to issue our assurance statement in respect of Transport for the North's Whole of Government Accounts consolidation pack; and
- the work necessary to satisfy ourselves that Transport for the North has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

[*Signature*]

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

1 St Peter Square
Manchester
M2 3DE

September 2022

Appendix C: Independence

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

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

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Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations. We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.
External confirmations	We did not experience any issues with respect to obtaining external confirmations.
Related parties	We did not identify any significant matters relating to the audit of related parties. We will obtain written representations from management confirming that: a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework. .
Going Concern	We have not identified any evidence to cause us to disagree with the Interim Finance Director that Transport for the North will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements. We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.

Appendix D: Other communications

Other communication	Response
Subsequent events	We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework. We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.
Matters related to fraud	We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and the Audit and Governance Committee as 'those charged with governance' confirming that: a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b. they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

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*where permitted under applicable country laws.

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TRANSPORT FOR THE NORTH

Meeting:	Transport for the North Board
Subject:	Corporate Risk Register and Risk Management Strategy Report
Author:	Daniella Della-Cerra-Smith, Risk Manager
Sponsor:	Paul Kelly, Interim Finance Director
Meeting Date:	Thursday 29 September 2022

1. Background:

1.1 This report provides the Board with an update on the key organisational risks, which reflect the KPI's, and business objectives outlined in the agreed Business Plan for financial year 2022/23.

1.2 It is essential that Transport for the North and its programme teams recognise, understand, and manage the risks that could impact on its ability to achieve its objectives and priorities. The challenges and uncertainty faced by Transport for the North create both threats that need to be addressed, and opportunities that can potentially be exploited. Transport for the North's Corporate Risk Register is presented at Appendix 1.

1.3 The Audit and Governance Committee's role in relation to risk is included in the broader detail of the Constitution, which is defined below:

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

1.4 The terms of reference for the Audit and Governance Committee includes the requirement for the committee to:

"*monitor Transport for the North's risk and performance management arrangements including review of the risk register, and progress with mitigating action*".

1.5 Risk is a standing item at Audit and Governance Committee meetings and the corporate risk register and Risk Management Strategy have been updated systematically during the year. This is highlighted in the Chair of Audit and Governance Committee report to the board, which provides assurance for TfN that efficient and effective risk management practice and processes are in place.

2. Recommendations:

2.1 TfN Board is invited to:

Consider and note the updates to the key organisational risks and the risk management strategy.

3. Summary:

3.1 Risk workshops have taken place with Directors across TfN and all existing risks and mitigation actions have been reviewed and updated. New risks and actions have been identified where appropriate.

3.2 Updates have been made to the Risk Management Strategy following a thorough review, which includes TfN's risk appetite statement.

Historically we have provided the same information to all levels of governance. In-line with modifications made to Risk Management Strategy we are ensuring relevant information is received by each level of governance to align with roles as defined within the constitution.

3.3 The top risk themes are currently:

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

4. Considerations:

4.1 Transport for the North's approach to managing risk is described in its Risk Management Strategy ("RMS") which sets out guidance for how risks are identified, assessed, managed, and reported. The RMS has been applied in updating the Corporate Risk Register.

5. Corporate Considerations:

5.1 ***Financial Implications***

The financial implications are detailed within individual risks where applicable.

5.2 ***Resource Implications***

The resource implications are detailed within individual risks where applicable.

5.3 ***Legal Implications***

The legal implications are detailed within individual risks where applicable. Governance processes adopted are explained within the report.

5.4 ***Risk Management and Key Issues***

The Corporate Risk Register is part of this report.

5.5 ***Environmental Implications***

A full impact assessment is not required for this report.

5.6 ***Equality and Diversity***

A full impact assessment is not required for this report.

5.7 ***Consultations***

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

6. Background Papers:

6.1 The Corporate Risk Register presented as a standing item at each Audit & Governance Committee provide the background papers and context for this report.

7. Appendices:

7.1 Appendix 1 – Section 1 Corporate Risk Register Sept 2022

7.2 Appendix 2 – Risk Management Strategy

Transport for the North

Corporate Risk Register

September 2022



Introduction to Transport for the North's Corporate Level Risks

It is essential that Transport for the North (TfN) recognises, understands, and manages the range of risks that could negatively impact on its ability to achieve the objectives set out in the 2022/2023 Business Plan. TfN's approach to managing risk is set out in its Risk Management Strategy which provides guidance for how risks are identified, assessed, managed, and reported. Each programme and corporate function within TfN, has its own risk register that is updated on a monthly cycle, with clear reporting in line with governance arrangements.

TfN uses programme information to identify cross cutting risk themes that are sufficiently significant, either in their own right or in aggregate, to be reported to and discussed by TfN Board as risks requiring corporate focus. TfN's corporate risks stem from a range of sources, some of which are beyond TfN's direct control. The challenges and uncertainty faced by TfN create both threats that need to be addressed, and opportunities that can potentially be exploited.

The 2022/23 corporate risk register presents the corporate risks that might directly have an impact on TfN's business plan objectives. To ensure effective management of risks, the report provides information such as risk description, potential consequences on TfN's objectives and priorities, and the mitigation measures in place to manage risks.

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

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

1 Executive Summary

1.1 TfN's Risk Environment and Emerging Risks

1.1.1 Budget setting and Business planning for 2022/23 has now been concluded. Recognising the current fiscal environment including the rising cost of inflation, TfN are closely monitoring funding risks and budget expenditure. A risk has been captured at functional level to manage and monitor budget assumptions. An additional corporate risk has been identified for medium term financial sustainability.

1.1.2 In Autumn, TfN will be preparing the Business Plan for 2023/24, based on a planning assumption that underpins the work that has been done this financial year. TfN will continue to work closely with DfT to ensure effective resource planning of agreed priorities, including the retention and recruitment of skills for roles.

1.1.3 In response to the current political uncertainty the probability of the risk which relates to changes in government commitments, has been increased. This will need to be monitored closely in the next six months. Engagement with government at political and officer level will be a key priority for TfN.

1.2 Key Changes to the corporate risk register

1.2.1 A review of the corporate risk register has been conducted across TfN to reflect the Key Performance Indicators (KPIs) and business objectives outlined in the Business Plan for Financial Year 2022/23.

1.2.2 TCR02: Within the TfN reputation, political engagement, and effectiveness theme, the current and target position of the risk Changes in Government Commitment, has increased, due to current political uncertainty.

1.2.3 TCR02: One new risk and two new opportunities have been identified under the theme TfN reputation, political engagement, and effectiveness, which are *failure to comply with governance and corporate processes*, *TfN centre of excellence* and *simplification of TfN processes*.

1.2.4 TCR12: The opportunity for *TAME centre of excellence* has been closed and subsumed into the wider opportunity (TCR02*) TfN can provide more services and guidance to support national, regional and local partners, as a centre of excellence*.

1.2.5 TCR12: The risk *TAME, providing a direct service to DfT limits TAME's services in delivering TfN's objectives*, has an increased current and target position due to ongoing recruitment.

1.2.6 TCR13: One new funding risk factor has been identified under the funding theme, which is *medium term funding* sustainability *challenges*.

1.2.7 TCR13: The issue which related to the, *one year funding settlement* has been closed as mitigation actions are now complete and based on the funding allocation received budget and business planning for 2022/23 has been concluded and approved at TfN board in June.

1.2.8 TCR13: The risk *funding levels are significantly reduced,* has decreased in probability as TfN have received a material reduction in funding for 2022/23.

1.2.9 TCR14: Two new risk factors have been identified for the resources theme, which are *loss of knowledge* and *severance process*.

1.2.10 Fall back plans have been identified for risks scored very high.

1.2.11 The Risk Management Strategy has been reviewed and updated to incorporate TfN's risk appetite statement, updated process diagram, risk reporting, risk review frequency, roles and responsibilities and updated RACI. Training will be rolled out to staff in September/October.

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

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

1.3. Corporate Risk Dashboard

11 Current themes	27 Risk factors	2 Opportunities	**125** Mitigation actions	55 Ongoing actions	43 New actions
	4 New risk factors	0 Issues		20 Mitigation actions due by 30 Sept 22	20 actions completed in last quarter

TCR	Themes ordered by highest current risk score	Number of Risk Factors per Theme	Current Score	Target Score	Risk Owners
14	TfN resources	3	25	20	Business Capabilities Director and Head of HR
13	TfN funding	3	20	18	Chief Executive Officer and Finance Director
3	TfN's Strategic Transport Plan (STP)	2	20	15	Interim Strategy and Programme Director
12	Technical appraisal, modelling and economics (TAME)	2	20	15	Interim Strategy and Programme Director
2	TfN's reputation, political engagement and effectiveness (including 2 opportunities)	7	19	19	Chief Executive Officer and Interim Strategy and Programme Director
9	Rail operations - franchise management and investment	3	19	17	Strategic Rail Director
11	Co-sponsorship	2	18	15	Chief Executive Officer and Interim Strategy and Programme Director
4	Delivery of robust and compelling evidence to support Investment Programmes	1	15	11	Interim Strategy and Programme Director
7	TfN compliance and relevant laws and regulations	1	11	11	Business Capabilities Director
5	Transport decarbonisation and climate change	1	11	8	Interim Strategy and Programme Director
10	TfN cyber security	2	10	10	Business Capabilities Director

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

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

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

KPIs 2022/23 are aligned to corporate risks. KPI's also aligned at project level risks and are included as part of the Monthly Operating Report. Management of some risks is required to meet all KPIs.

1.4. Key Risk Factors for TfN:

ID	Theme	Risk Description	Actions	Action Owner
643	TfN Resources	TfN's is unable to recruit and retain suitable staff to deliver the 2022/23 business plan and medium to long term TfN objectives.	1. Update People Strategy as required 2. Continue to brief and update staff 3. Provide training and development opportunities 4. Full and proper consultation with UNISON	Business Capabilities Director Business Capabilities Director Interim Strategy and Programme Director Business Capabilities Director
916	TfN Funding	NEW Funding allocations for 2023/24 might be a flat rate, which doesn't account for inflation, therefore presenting medium term/ 3 years sustainability challenges	1. Engagement with stakeholders to ensure the case for TfN's funding is supported by all Board members 2. There is structured engagement with government officials and decision-makers 3. TfN and DfT collaborative working to develop a revised version of MOU 4. TfN to demonstrate that it delivers value for money 5. TfN to explore wider funding opportunities through development of centre of excellence proposition 6. Early engagement with DfT in relation to 2023/24 business planning	Chief Executive Officer Interim Strategy and Programme Director
881	TfN's Strategic Transport Plan	TfN are unable to produce a second STP that will be endorsed by TfN Board and government in time for the March 2023 deadline.	1. Engagement with Partners and Government 2. Manage programme via TfN's Strategic Oversight Group 3. Update Northern Powerhouse Independent Economic Review (NPIER) 4. Manage interdependencies with NPIER	Interim Strategy and Programme Director

884	Technical appraisal, modelling and economics	Legal and commercial restrictions. TfN is not legally allowed to share its models or data with Partners.	1. Early engagement with legal team 2. Develop TfN Licensing Strategy 3. Obtain licences for all data inputs	Interim Strategy and Programme Director
879	TfN's reputation, political engagement and effectiveness	Despite our statutory status there could be a material change in government's commitment to STB's/reduction of remit and powers of TfN or a change in views/approach as to how STB's function	1. Structured engagement with government officials and decision-makers 2. TfN continue to respond to any DfT proposals and develop a revised version of MOU 3. TfN to demonstrate that it delivers value for money 4. Maximise the input and contribution of Partnership Board 5. Engagement with other STB's to identify areas of common interest	Chief Executive Officer
310	Rail Operations	There is a risk that TfN could have a reduced role in the rail industry following the implementation of the Williams-Shapps review.	1. Collaboration with the GBR transition team 2. Established rail-reform programme board chaired by TfN's CEO	Strategic Rail Director

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Risk Management Strategy



TRANSPORT FOR THE NORTH

Contents

1. Risk Management Strategy 3
    - Purpose 3
2. Introduction to Risk Management 4
    - Benefits to Risk Management 4
    - Common Process Barriers 4
    - Key Terminology 5
3. Risk Appetite 7
4. Risk Management Process 9
    - Establishing the context 10
    - Risk Identification (Threats & Opportunities) 10
    - Risk Analysis and Evaluation 12
    - Risk Treatment 13
    - Monitor and Control 15
    - Risk Communication 15
5. Risk Reviews 15
    - Predict Software 16
6. Risk Reporting 17
    - Roles and Responsibilities 19
    - RACI Chart 22
7. Issue Management 23
    - Issue Management Process 23
8. Reference 25
9. Appendices 26

Version Control

Version	Author/Updated by	Date Updated	Next Review Due
Version 1	Haddy Njie	April 2018	
Version 2	Haddy Njie	September 2019	
Version 3	Daniella Della-Cerra-Smith	April 2022	September 2022
Version 4	Daniella Della-Cerra-Smith	September 2022	September 2023

1. Risk Management Strategy

Purpose

1.1. The Risk Management Strategy (RMS) aims to support the strategic objectives of the business and sets out Transport for the North's (TfN) approach to risk management. It provides guidance in its application for the management of risk by describing TfN's:

- Risk Management Process;
- Risk Management Reporting;
- Issues Management

1.2. The document is intended to act as a communication and management tool to ensure TfN's Programmes and Directorates have clarity regarding:

1.3. The Risk Management Processes to be adopted;

- Scales of probability and impact and the tools to be used;
- Reporting of risk and the timing of risk management activity.

1.4. Not all risks can be eliminated, but staff and senior management should be aware of the risks affecting TfN's Projects/programmes and Directorates in order for the risks to be understood and, where possible, managed and mitigated.

1.5. The RMS supports key principles in the following ways:

- **Building trust and respect**: by being open about our risks, we can build trust and respect
- **Delivering our promises**: by managing risk we can deliver our commitments

2. Introduction to Risk Management

2.1. TfN faces a wide range of risks (both threats and opportunities) at all levels across the organisation. The nature of TfN's activity means that not only is risk management central to the achievement of its strategic objectives, but the process by which it addresses risk (related to its activity) has the potential to achieve sustained benefits across the full portfolio of projects and programmes.

2.2. The focus of good risk management is the identification and management of risk. Management of risk involves the systematic application of methods and practices to the tasks of identifying, estimating, and evaluating risks. This in turn allows mitigation measures to be identified and implemented. This provides a disciplined environment for proactive decision-making.

2.3. The Risk Management Strategy will provide the framework for managing risk in a consistent manner and raises awareness of the need for effective risk management. Adopting the RMS will support the aim of integrating risk management into working arrangements so that risks are proactively identified and managed.

2.4. Furthermore, the approach to Risk Management will involve identifying and realising potential opportunities. This process is designed to encourage the consideration of opportunities and the communication of these within TfN.

Benefits to Risk Management

2.5. Proactive Risk Management provides a number of primary and secondary benefits including:

- Reduced exposure to the negative impacts of uncertainties;
- Confidence in achieving targets and maximising outputs and outcomes through improved understanding of uncertainties;
- Risks owned by parties and/ or individuals best able to manage them; and
- Facilitation of effective communication across the organisation.

Common Process Barriers

2.6. It is recognised that there are barriers and constraints common to the implementation and embedding of risk management.

2.7. The most common barriers to successful risk management are:

- Lack of time or resources allocated to risk management;
- Lack of risk strategy, process, or plans;
- Lack of a senior risk champion;
- Lack of training, knowledge or formal risk tools or techniques;
- Lack of 'buy-in' from the teams;
- Lack of clear guidance for managers or staff.

2.8. It is the responsibility of managers, assisted by the Risk Manager, to reduce the likelihood of encountering these barriers whenever possible. Where obstacles

arise that are beyond the ability of the manager to address, it is important to escalate it to the Risk Manager who will work with the Project Manager to take appropriate action.

Key Terminology

2.9. The key risk management terminology referred to in this document are as follows:

- **Risk**: Defined as an uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives. Such an event that potentially creates a benefit for the organisation is termed as an opportunity (+ve risk) while an event with a potentially negative impact is viewed as a threat (-ve risk).
- **Risk Management**: The identification, evaluation, analysis, treatment and reporting of uncertainties, threats and opportunities associated with Project, Programme, Directorate and Portfolio objectives.
- **Risk Culture**: Refers to an organisation's set of attitudes, values, and knowledge of risk management. An effective risk culture rewards individuals for taking the right risks in an informed manner.
- **Risk Cause**: A description of the source of the risk, i.e. the event or situation that gives rise to the risk.
- **Risk Impact**: The extent of the adverse or positive effect on objectives.
- **Risk Proximity**: Defined as short-term, medium-term, and long-term, risk proximity is a prioritisation technique which assists risk owners in deciding the risks upon which to focus mitigation and management activity.
- **Risk Probability/ Likelihood**: The possibility of a risk event occurring.
- **Risk Score / Profile**: A comparative indication of how serious the risk is likely to be.
- **Inherent Risk**: Refers to the (gross) risk position. That is, before any mitigation measures / controls are in place.
- **Current Risk**: Refers to the managed level of risk. That is, the existing level of risk, taking into account current controls/mitigation measures put in place.
- **Target Risk**: Refers to the ultimate level of risk that is desired by the organization, when planned controls and mitigation actions have been implemented.
- **Control:** Ongoing 'business as usual' activities, which are embedded into processes, procedures, systems, projects, or programmes.
- **Mitigation**: Measures/ actions taken to reduce the possibility of the risk event occurring.
- **Fallback Plan:** A fallback plan will define how to minimise the impact after the event.
- **Predict**: Risk management software implemented by TfN to record, review, update and manage all risks.
- **Risk Appetite:** risk appetite as "the amount and type of risk that an organization is prepared to pursue, retain or take."
- **Risk Register**: The document which holds specific information regarding each risk associated with individual programmes/directorates.
- **Risk Reference**: The unique number given to each risk on the risk register.

- **Risk Transfer**: The movement from a risk owner to another appointed owner who is better placed to manage the risk.
- **Risk Closeout**: Where a risk/ potential risk event is no longer valid and has been formally shutdown.
- **Early Warning**: An advanced indication that a potential risk is about to materialise, allowing appropriate measures to be adopted.
- **Qualitative Risk Report (QRR)**: Refers to a detailed qualitative evaluation of risks. The report highlights the current and target risk position taking into account the spread of risks on a Probability and Impact Matrix.
- **Qualitative risk ranking**: the risk score, using colours (Red, Amber, Yellow, Green) to denote the severity of a risk.
- **Issue**: A risk that has materialised and which is affecting the programme, requiring immediate resolution through a management response.
- **Assumption**: A "logical belief" rather than a matter of proof. Assumptions may include exclusions from programme scope, estimates or budgets.
- **SWOT**: Strengths, Weaknesses, Opportunities and Threats – A strategic planning or evaluation technique.
- **PESTLE**: refers to Political, Economic, Social, Technological, Legal and Environmental – an analytical technique useful for decision-making.

3. Risk Appetite

3.1. **Risk Appetite**: Risk appetite is 'The amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time" (Orange Book, 2004)

3.2. The purpose of a risk appetite statement is to provide the parameters for individuals to help inform decision making.

3.3. **TfN Risk Appetite Statement** "The level of risk TfN is prepared to tolerate (or not) in pursuing its strategic objectives." The risk appetite is based on an assessment of the current level of risk and will be regularly reviewed to ensure it remains appropriate.

3.4. TfN, the only statutory Sub-national Transport Body in England, funded by the government has a **cautious risk appetite** meaning a preference for safe business delivery options.

3.5. According to the Government's Risk Appetite guidance (Orange Book, 2021), a cautious approach means *a preference for safe options that have low degree of risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity.*

3.6. On the probability impact matrix, a current threat scoring of 14 or above (High) is considered to be outside of TfN's risk appetite. All mitigations should be proportional to the level of threat a risk poses. 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.

Table 1: Probability Impact Matrix for Risks

Threat Scoring

PROBABILITY							
75 – 100%	Very High 5	5	10	17	20	25
51 – 74%	High 4	4	8	14	18	20
26 – 50%	Medium 3	3	7	10	15	19
6 – 25%	Low 2	2	6	8	11	17
≤5%	Very Low 1	1	2	4	8	13
		Very Low 1	Low 2	Medium 3	High 4	Very High 5
		IMPACTS				

Score		Threat Response
Very High	19-25	These risks are outside of TfN's risk appetite. Controls, mitigation actions, and fallback planning are required to reduce probability and impacts of the risk. These risks must be escalated to the Senior Responsible Owner (or functional director) and considered for reporting to TfN's Operating Board.
High	14-18	These risks are outside of TfN's risk appetite. Controls and mitigation actions are required to reduce the probability and impacts of the risk. These risks should be considered for escalation to the Senior Responsible Owner (or functional director).
Medium	7-13	Controls may be appropriate to manage the risk through daily activities and mitigation actions should be considered. Risks should be monitored through monthly risk workshops.
Low	1-6	Controls and mitigations actions to be considered. Risks to be monitored through monthly risk workshops but can be tolerated.

Table 2: Threat Responses

3.7. TfN acknowledges there will be some areas of exception, where TfN's risk appetite will vary; these are detailed below.

3.8. **Compliance and relevant laws and regulations, Health and safety, Information technology and cyber security:** In these areas, TfN has a risk averse appetite. The Orange Book defines an averse risk appetite as *an avoidance of risk and uncertainty in achievement of key deliverables or initiatives. Activities undertaken will only be those considered to carry virtually no risk.*

3.9. The risk appetite will be communicated to staff through training and to be included as part of new starter inductions.

4. Risk Management Process

4.1. The primary purpose of the Risk Management Process (RMP) is to identify the effect of uncertainty on project/programmes and business objectives and to formulate and implement measures to reduce or optimise the effects. In addition, an appropriately functioning RMS is a key driver for fostering effective communication and decision-making.

4.2. Risk Management is an iterative process through which risks are continually identified, assessed, managed and monitored. The process is not dependent upon the Risk Manager's presence, and members of staff are encouraged to consider risk management throughout the delivery of their activities.

4.3. The Risk Management Process is subdivided into seven key steps listed below:

1. Establishing the Context;
2. Risk Identification
3. Risk Analysis;
4. Risk Evaluation;
5. Risk Treatment;
6. Monitor and Control
7. Risk Communication

4.4. Collectively, these steps form a logical sequence, necessary for the adoption of a robust approach to the implementation of risk management. As represented below, the steps are represented as an iterative process, as it will be common for the entire process to be completed a number of times during the life of a business activity.

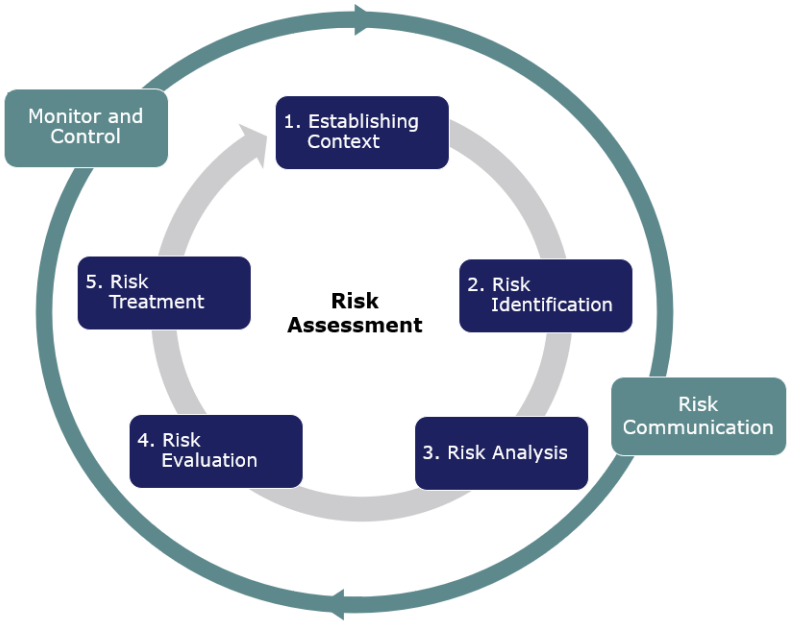


Figure 1: TfN's Risk Management Process.

Establishing the context

4.5. This step involves defining the internal and external criteria, to be taken into a count when identifying and managing risk. Collating all information with regards to the activity. For example, scope documents, business case, cost estimates, assumptions log, schedules, PESTLE analysis, stakeholder requirements and constraints), thus enabling the identification of risks that may have an impact upon TfN's objectives. Information collated will assist in defining appropriate probability and impact scoring.

Risk Identification (Threats & Opportunities)

4.6. Risk identification sets out to identify the exposure to uncertainty. This process should identify sources of risk and opportunities where these are deemed to have an effect. Risks and opportunities will be identified against the explicit activity objectives identified during establishing the context. As such, a comprehensive list of risks, known as a risk register, will be developed.

4.7. Opportunities need to be identified along with threats. Each item will be identified by category and given a distinct risk reference.

4.8. It is important that risk identification is conducted as a group activity that considers the opinions of relevant team members and, where appropriate, Subject Matter Experts (SME). This process should be facilitated by the Risk Manager or allocated Risk Champion.

4.9. Risks that the organisation face need to be considered when establishing the assurance programme.

Risk Categories

4.10. The categorisation of risks in the table below will enable risks to be classified and assessed consistently across the organisation.

4.11. The following categories should be considered when assessing risks:

Item	Risk Category	Description / Risks associated with
1	Corporate Objectives	• Corporate objectives relate to possible risks (threats and opportunities) that may either hinder or enhance the chances of successfully achieving TfN's business plan. • Risks such as funding / delivery management, integrated transport strategy and transport solutions • Reputation and political environments are also to be considered.
2	Resources	• Resources concentrate on the availability and engagement of appropriately skilled people (internal and external) and their ability to collaborate in the successful delivery of programmes. • Skills and experience, knowledge, and talent development of the existing workforce are all considered. • Tools including equipment, office space, IT, etc., are risks that also fall under this category.

3	Commissioning, Commercial and Financial / Funding	• Commissioning risks, include the ability to develop effective procurement and contracting strategies, and secure appropriate commercial agreements. • Commercial risks include an understanding of market or industry factors affecting the delivery and operations, and the contractual arrangements necessary to deliver successful outcomes. • Financial/ Funding risks include effective costing, budget estimating and cost control. Affordability and value for money are also key considerations, as well as the associated risks of the funding of projects and programmes.
4	Technical Performance	• Risks include the specification, design, build, commissioning and testing of project/ programme deliverables (e.g., new assets, processes, etc.) • Technical performance also includes how well the solutions are performing and delivering expected benefits.
5	Public, Media and Stakeholders	• Public, Media and Stakeholder related risks encompass the requirements and influences of Partners, Customers, Campaigners and associated reputational risks.
6	Legislation and Regulation	• These risks relate parliamentary/ legislative processes, and the requirements of central government and transport regulators that may possibly impact on TfN's objectives. • This category also includes the risk of changes in political policy, support, and regulations.
7	Governance	• The Governance category looks at the risks in relation to effective and efficient decision making, particularly in respect of TfN's responsibility as an STB for determining investment priorities across the North of England.
8	Delivery Partners	• This category includes for commissioning related risks in respect of TfN's relationships with its third-party delivery Partners, including Network Rail, Highways England, and HS2. • Interdependencies between the separate organisations' objectives and timescales are also considered.
9	Service Delivery	• Service delivery – or operational – risks include those factors that may hinder and/ or enhance TfN's current operations and future services. • In addition, service functionality and the opportunity to add value to customers and the wider public is also a consideration.

Table 3: Risk Categories

4.12. Further risk categories may be established at any time in consultation with the Risk Manager.

Risk Description

4.13. An accurate risk description (i.e. describing a risk in a structured manner) should be formed of three parts as follows:

- The Risk: Defined as an uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives;

- Risk Cause: A description of the source of the risk, i.e. the event or situation giving rise to the risk;
- Risk Impact: The extent of the adverse or positive effect on objectives.

Risk Analysis and Evaluation

4.14. Risk assessment and evaluation is the process of analysing and evaluating risks and opportunities by applying the probability and impact rating of individual risks and opportunities. The exercise enables the risk identifier to prioritise risks to establish a most-to-least-severity ranking.

4.15. When a risk is identified, an estimate of the probability of the risk occurring and the likely impact needs to be determined.

4.16. Probability is the evaluated likelihood of the identified risk occurring.

4.17. Impact is the evaluated effect or result of a particular risk occurring. TfN assesses risk against 5 impact categories.

- Cost
- Reputation
- External Relationships
- Quality
- Time

4.18. For example, there may be a "Low" probability of damage to a relationship with a key delivery partner, but enormous reputation impact may result if the risk occurs. Conversely, a "High" probability risk of a systems failure may not have a major impact on the business.

5x5 Risk Matrix and Scoring

4.19. A Probability Impact Matrix (PIM), as illustrated below, is a tool that allows risk severity to be calculated. Risks are plotted according to the probability of occurrence and the impact upon an activity should the risk happen.

4.20. The qualitative risk ranking (risk score) will be generated by multiplying the probability with the maximum of the impacts for each risk. The risks with the highest scores will be reported for review and decision-making.

				THREAT SCORING		
75 – 100%	Very High 5	5	10	17	20	25
51 – 74%	High 4	4	8	14	18	20
26 – 50%	Medium 3	3	7	10	15	19
6 – 25%	Low 2	2	6	8	11	17
≤5%	Very Low 1	1	2	4	8	13
PROBABILITY		Very Low 1	Low 2	Medium 3	High 4	Very High 5
				IMPACTS		

Table 4: Probability Impact Matrix for Risks

Score	
Very High	19 – 25
High	14 – 18
Medium	7 – 13
Low	1 - 6

Table 5: Threat Scoring

		OPPORTUNITY SCORING				
PROBABILITY						
75 – 100%	Very High 5	-5	-10	-17	-20	-25
51 – 74%	High 4	-4	-8	-14	-18	-20
26 – 50%	Medium 3	-3	-7	-10	-15	-19
6 – 25%	Low 2	-2	-6	-8	-11	-17
≤5%	Very Low 1	-1	-2	-4	-8	-13
		Very Low 1	Low 2	Medium 3	High 4	Very High 5
		IMPACTS				

Table 6: Probability Impact Matrix for Opportunities

Score	
Very High	-19 - -25
High	-14 – -18
Medium	-7 – -13
Low	-1 - -6

Table 7: Opportunity Scoring

Risk Treatment (also referred to as Mitigation Actions)

4.21. During risks assessment, mitigation plans should be identified. The 3 types of plans are;

Controls – Ongoing 'business as usual' activities, which are embedded into processes, procedures, systems, projects, or programmes. Controls should be applied after the inherent assessment. Controls should be ongoing but reviewed to ensure they remain appropriate.

Mitigation Actions – Specific actions to reduce risk from current to target level. Actions should have an agreed completion date.

Fall back plans – If the risk does occur a fallback plan will define how to minimise the impact after the event. Fallback plans should be captured for all very high risks.

4.22. A suitable response strategy should be selected for threats, opportunities and issues. Appropriate ownership will be identified in the risk register for all risks, together with the associated mitigating actions.

4.23. A mitigation response strategy is a key stage in the management of risks. It is the process by which a project/programme/directorate decides how and by whom risks will be managed. For example, programme teams may agree to transfer a particular risk from one team to another.

Treatment Response Strategy (TRS) for Threats

TRS	Description
Tolerate	Accept the threat without any further action.
Treat	An action taken to minimise both the probability and impact of risk.
Transfer	Transfer risk to another programme / party.
Terminate	Choose a different option to completely eliminate the threat.
Share	Share the risk with another programme / third party.

Table 8: Treatment Response Strategy (Threats)

Treatment Response Strategy (TRS) for Opportunities

Table 9:

TRS	Description
Enhance	Action taken to increase the probability or impact of the opportunity occurring.
Exploit	Take action to ensure the opportunity happens, and the outcome is optimised.
Share	Share the opportunity with another programme / third party.
Accept	Accept the opportunity and move on.

Treatment Response Strategy (Opportunities)

4.24. 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.

4.25. 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.

4.26. Corporate risks have been subject to an evaluation by identifying the level of control:

- **High Control:** TfN has direct control over most of the available mitigation options - strategies that TfN has the power and/or ability to implement and as a result, contribute to the successful mitigation of the associated risk.

- **Medium Control:** TfN has some control over the available mitigation in conjunction with collaborative efforts with relevant partners or other stakeholders to be successful in the management of the action plans. TfN may be able to deploy additional resources to increase its ability to influence risk outcomes.
- **Low Control:** TfN has very limited control over the identified mitigations which must be a collaboration with the relevant internal and external parties. Without joint involvement, the likelihood of the risk materialising increases. Whilst TfN can attempt to influence the factors impacting on these risks, it has a low level of control over if or how these mitigations are implemented.

Monitor and Control

4.27. This is the process by which the risk planning measures are monitored and controlled. Usually conducted as part of regular risk reviews, the monitoring activity will enable the generation of Action Reports and an updated Qualitative Risk Report. The output of this process step will allow for corrective action to be taken should the risk planning measures be judged as not working effectively and thus further actions may be required.

Risk Communication

4.28. In support of the six steps outlined above, the effective communication of risk is the process whereby risk information is shared amongst relevant parties in a consistent manner, thus promoting and enhancing a coordinated approach to Risk Management.

4.29. Any projects/programme's exposure to risk evolves over its lifecycle and continuous effective communication is therefore critical to the identification of new threats and opportunities or changes within the programme. In particular, the identification of new risks depends upon the maintenance of good communication networks. It is imperative that management engages with staff across the project/programme and ensures stakeholders have:

- Clearly defined roles and responsibilities;
- Clear and precise understanding of the risk escalation channels;
- Good knowledge of transferred lessons learned.

5. Risk Reviews

5.1. The frequency of risk review workshops will depend on the current risk score, as shown below:

Score	Frequency
1-6	Quarterly
7-13	Quarterly
14 -18	Monthly
19-25	Monthly

Table 10: Risk Workshop Frequency

Predict Software

5.2. Predict is the Risk Management system, which TfN has adopted to record, review update, and manage risks across the organisation from corporate to project and programme level. It provides a central location for Risk Management and provides visibility and transparency across the organisation.

5.3. Training for Predict is provided to new TfN employees. If there is a version update it is communicated to all users and training will be provided.

5.4. If staff have a query in regard to use of the system, they can email risksystem@transportforthenorth.com for support.

5.5. All risks, issues, opportunities and actions are recorded into the Predict software and are reviewed and updated following risk workshops. Progress comments should be provided as an audit trail.

6. Risk Reporting

6.1. An efficient and effective risk reporting process allows management to be informed regarding key threats and opportunities that requires attention at a higher level, and the results of the risk assessments may be presented in a variety of formats depending on the stakeholder audience and reporting needs. Generally, key risks are presented in the form of graphs and tables with the most probable outcome plotted for a range of values and probabilities.

6.2. As a corporate body, the overarching risk reporting diagram illustrates the required risk governance that the organisation has adopted.

6.3. For governance and transparency reasons, risks will be managed and reported. As TfN uses project information to identify cross cutting risk themes that are sufficiently significant, either in their own right or in aggregate, to be reported to and discussed by the Operating Board as risks requiring corporate focus. Furthermore, critical challenges and issues which may require the attention of senior executives will be escalated to TfN's Operating Board (OBT).

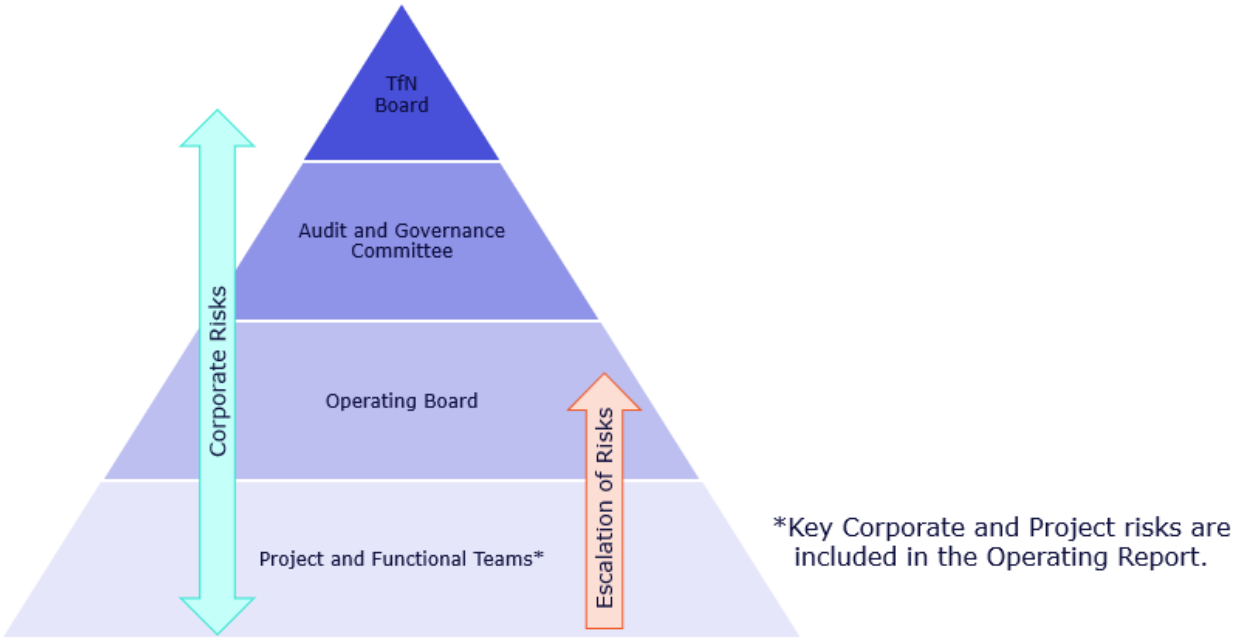


Figure 2: TfN's Reporting Structure

6.4. Conversely, it is imperative for strategic risks identified at the corporate level to be shared across departments to ensure a "bottom up" and "top down" risk awareness prevails.

Operating Board

6.5. In accordance with Transport for the North's constitution, paragraph 63.4.11 emphasises that "the Operating Board manages the risk management arrangements to ensure the appropriate management of risks" is in place across the organisation.

6.6. Operations Board manage and develop the risk management arrangements and oversee health and safety risks, ensuring compliance with health and safety legislation and an appropriate management of those risks. With support from the Risk Manager, the Operating Board will implement the risk management strategy, ensuring ownership and the active management of risk and the reporting of significant risks. If required, key significant risks across all programmes will be reported to OBT to ensure there us transparency and visibility of programme risk exposures and if required make informed decisions to mitigate reported risks.

Audit and Governance Committee (AGC)

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

6.8. The terms of reference for the Audit and Governance Committee includes the requirement for the committee to "monitor Transport for the North's risk and performance management arrangements including review of the risk register, and progress with mitigating action".

6.9. TfN's corporate and key programme risks are reported to the AGC to provide assurance to the committee that risks, and challenges related to the programmes are being recognised, analysed, and robustly managed.

6.10. For further information on the core functions of the Audit and Governance, please see the TfN Constitution.

TfN Board

6.11. The ultimate decision-making body with regards to Transport for the North activity. The board has delegated the assurance of Risk Management to the Audit and Governance Committee. Therefore, the corporate risks dashboard and executive summary will be presented to board bi-annually.

6.12. The guiding principles are that reporting will be:

- Understandable
- Recognisable
- Concise
- Logical
- Consistent

6.13. The below table outlines how risks will be reported. It summaries the key risk documents, the target audience, and the responsible owner(s) to ensure they are disseminated in a timely manner.

Governance Platform	Document	Frequency	Author
TfN Board	Section 1 Corporate Risk Register. Covering paper to include assurance statement from AGC and any material modifications to the RMS	Bi-Annual	Risk Manager
Audit and Governance	Updated Corporate Risk Register and RMS	Quarterly	Risk Manager
Operating Board	Updated Corporate Risk register, risk management process updates and escalated project risks (Very High/High) if appropriate	Quarterly/ Ad Hoc with key updates	Risk Manager
Public (published online)	Operating Report, including key risks (Very High/High) for each delivery area and corporate considerations	In line with Operating Report cycle	Risk Champions

Table 11: Risk Reporting

Roles and Responsibilities

6.14. Below summarises the key roles and responsibilities involved in managing risks across TfN;

Chief Executive Officer

- Understand the most significant risks to the organisation.
- Contributes to defining risks and mitigations actions.
- Owns and manages risks with the support of the board.

Finance Director S151 Officer

- TfN's Constitution states the S151 Officer is responsible for discharging the functions of the 'responsible financial officer' under the Accounts and Audit (England) Regulations 2015, including ensuring risk is appropriately managed.

Examples duties for Risk Management that have been adopted in TfN include:

- Contributes to defining risks and mitigations actions.
- Ensure that risks within the organisation are effectively managed.
- Owns and manages risks with the support of the board.
- Approver of all corporate risks.
- Ensure that risk management is closely integrated with the business plan.
- Model the principles of good risk management.

Risk Manager

- Take responsibility for the delivery of an effective and professional Risk Management service across TfN.

- Promote a robust Risk Management Strategy and framework throughout TfN.
- Work with Risk Champions, Senior Managers, Directors and CEO to support the embedding of risk management across the organisation.
- Lead the work of the Risk Champions to enhance collaboration and sharing of best practice and knowledge.
- Lead on the development, implementation and regular review of the risk management methodology, processes, procedures and practices.
- Design, develop and deliver training and provide support tools to help staff in managing risk effectively.
- Manage Risk Management software.
- Facilitate a risk aware culture within the organisation.
- Facilitate corporate risk workshops and manage corporate risk register.
- Compile risk information and prepare reports for OBT, AGC and TfN board.
- Model the principles of good risk management.

Risk Champions

— Facilitate the effective and proactive identification, management and communication of threats, opportunities, and issues.
— Promoting the risk management process for the programme/project/function and a proactive risk management culture.
— Organising and managing risk workshops and risk reviews as required.
— Ensure Predict risk software is updated with appropriate information and audit trails.
— Working with project team to identify actions for risks and adequate risk fallback plans.
— Escalating risks to the Functional Director/Senior Responsible Owner, as required
— Share best practise with other risk champions
— Support the risk manager with any risk audit processes
— Support the risk manager with audit and governance reports
— Ensure risk mitigation actions are being pursued by risk owners
— Review and advise on top risks for the operating report.

Functional Directors

Actively supporting and encouraging the implementation of formal risk management process.
Well informed about the external environment in which TfN operates, with a strong command of relevant issues.
Review of risk status reports/ other reports.
Review of escalated risks/issues and approve proposed risk responses.
Ensure that risks have been identified, assessed, and managed across all their work areas.
Attend risk reviews, manage and own risks, opportunities and issues at corporate level.
Ensure that key risk considerations are included in decision making processes.
Provide feedback on the Risk Management process and promote compliance to TfN Risk Management Strategy within the team.

Senior Management Team

- Actively supporting and encouraging the implementation of formal risk management process, ensuring compliance with the TfN Risk Management Strategy.
- Attend and contribute to risk workshops, taking ownership risks/opportunities and mitigation actions/fallback plans where required.
- Consider risks for escalation to director level if required.
- Approval of new and closed risks for risk register.

Project Managers

Actively supporting and encouraging the implementation of formal risk management process, ensuring compliance with the TfN Risk Management Strategy.
Ensure project has an up-to-date risk register, with risk and action owners assigned and appropriate controls/mitigation actions/fallback plans dependant on the level of risk.
Attend and contribute to risk workshops, identification, assessment and taking ownership of risks, opportunities, issues and mitigation actions/fallback plans where required.
Produce up to date project risk reports.
Consider risks for escalation to Senior Management Team.

Risk Owner

The relevant individual with responsibility for ensuring identified risks are managed effectively in accordance with the RMS.

Action Owner

— The relevant individual with responsibility to ensure mitigating actions are successfully managed and completed in accordance with the RMS.

6.15. All employees within in the organisation has a role in identifying, assessing monitoring and managing TfN's risks and opportunities. They should be aware of the risk management strategy and understand the risk process.

RACI Chart

6.16. The below Responsible, Accountable, Consulted and Informed (RACI) chart shows the distribution of responsibilities in risk management.

Key:

R: Responsible	A: Accountable	C: Consult	I: Inform

Activity	Risk Manager	Risk Champions	Risk/Action Owner	Project Manager/ Snr Management	Project Team	Functional Directors	Finance Director	CEO
Management of Predict inc. all risk and issue registers	A	R	C	C	C	C/I	C/I	
Preparing for and facilitating functional and project risk workshops	A	R	C	C	C	I		
Functional risk workshop attendance	C	R	R	C	C	A		
Project risk workshop attendance	C	R	R	A	C	C/I		
Raising new risks/ transferring risks/ closing risks	C	C	R	A	C	I		
Escalating risks/ issues	C	R	R	A	I	C		
Operating Report top risks/issues	C	R	C	C	C	A	I	I
Completing mitigation actions/ fallback plans/ issue resolution	C	C	R	A	R	R	R	R
Providing risk advice and guidance	A	R						
Aligning functional and corporate risks	A	R		C	C	I	I	
Corporate risk workshop attendance	A		R			R	C	C
Corporate risk register	R		R			C	A	C
Corporate risk/issue report	R					C	A	C
Maintaining Risk Management Strategy	R	C				C	A	C
Risk Training	R	I	I	I	I	I	A	I

Table 12: Risk Management RACI chart

7. Issue Management

7.1. Issue management plays an important part in TfN's risk management approach. An issue arises when a risk has crystallised or materialised and the actual event is known and currently occurring or has a 100% probability of happening unless action is taken immediately.

7.2. When a group of high severity risks are judged as issues, it is a requirement for the project team to report the issues to TfN's Operating Board.

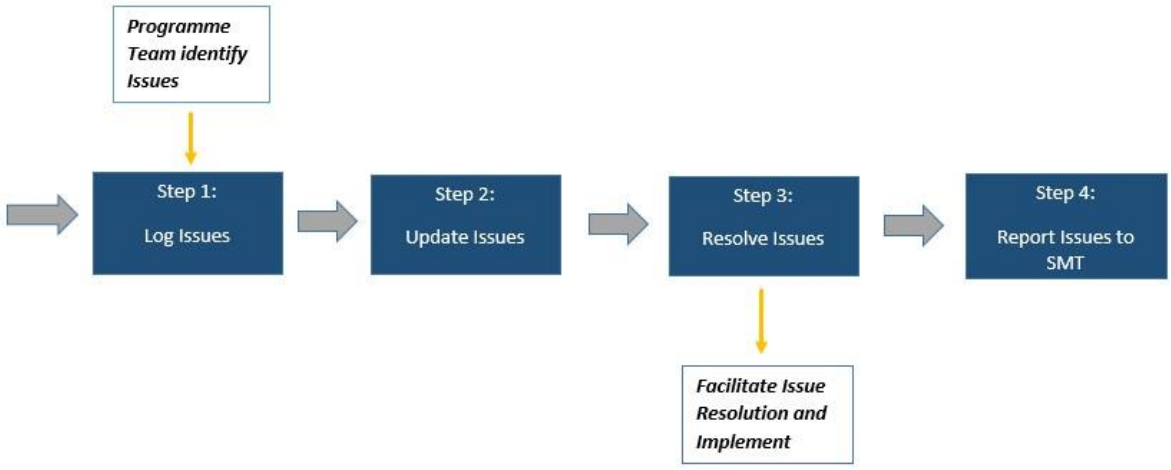


Figure 3: Issues Reporting

Issue Management Process

7.3. As depicted below, the Issues Management process diagram depicted below follows a cyclical process with five discrete steps.

7.4. The Issues Management process will focus on critical issues, also known "showstoppers". A showstopper is an event that is serious enough to halt an activity or a programme.

7.5. Unlike risk ranking, all critical issues will be treated as very significant (i.e. Very High) including those requiring external interface and internal resolution. Individual reviews will be held on a regular basis with issue owners to update the status of the issues.

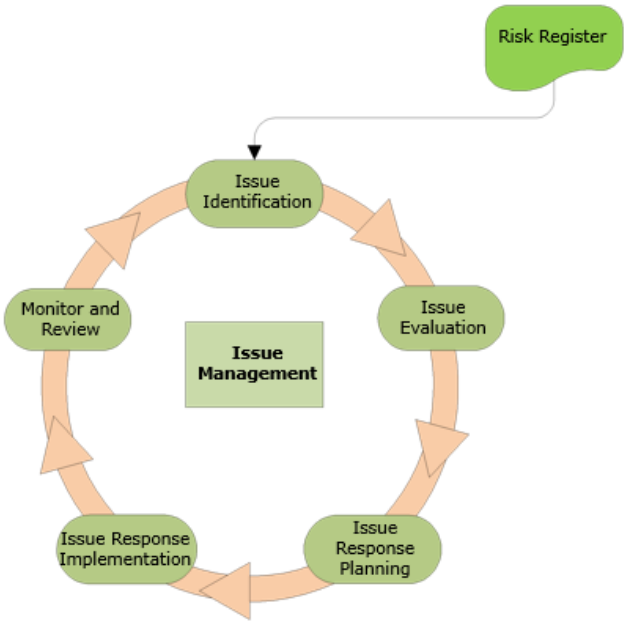


Figure 4: Issues Management Process

- **Issue Identification:** the process by which issues are identified and recorded in an Issues Register. An event can either be identified originally as an issue or as a form of crystallised risk.
- **Issue Evaluation:** the process by which identified issues are analysed based on the information known. The output of this evaluation greatly assists in determining the appropriate management response strategy.
- **Issue Response Planning:** the creation of appropriate management response to the issues evaluated.
- **Issue Response Implementation:** the process by which management puts a response strategy in place to tackle the identified issues. Including the dissemination of mitigation strategies and the allocation / implementation of required responses.
- **Monitoring and Review:** This component enables the management team to evaluate the effect of the response strategy implemented. That is, the effectiveness of the mitigation strategies and actions is monitored.

8. Reference

Figures:

Figure 1: TfN's Risk Management Process..... 9
Figure 2: TfN's Reporting Structure 17
Figure 3: Issues Reporting..... 23
Figure 4: Issues Management Process 24

Tables:

Table 1: Probability Impact Matrix for Risks 7
Table 2: Threat Responses..... 8
Table 3: Risk Categories..... 11
Table 4: Probability Impact Matrix for Risks 12
Table 5: Threat Scoring..... 13
Table 6: Probability Impact Matrix for Opportunities..... 13
Table 7: Opportunity Scoring 13
Table 8: Treatment Response Strategy (Threats)..... 14
Table 9: Treatment Response Strategy (Opportunities)..... 14
Table 10: Risk Workshop Frequency 15
Table 11: Risk Reporting 19
Table 12: Risk Management RACI chart 22

9. Appendices

Appendix 1: 5x5 Threat and Opportunity Scoring Criteria

5 x 5 Threat Impact Scoring Criteria

Likelihood Criteria	Very Low	Low	Medium	High	Very High
	≤5%	6-25%	26-50%	51-74%	>75%
Impact Criteria	**Very Low**	**Low**	**Medium**	**High**	**Very High**
Cost (Tier 1 - £0-£2m Budget)	£0 - £10k	£10k - £20k	£20k - £50k	£50k - £80k	£80k - £100k
Cost (Tier 2 - £2-6m Budget)	£0 - £40k	£40k - £80k	£80k - £200k	£200k - £320k	£320k - £400k
Cost (Tier 3 –£6-14m Budget)	£0 - £100k	£100k - £200k	£200k - £500k	£500k - £800k	£800k - £1m
Reputation	Minimal negative local media coverage quickly remedied /loss of trust and credibility	Minor negative local media coverage quickly remedied /loss of trust and credibility	Moderate negative regional media coverage/loss of trust and credibility	National short – term negative media coverage/considerable loss of trust and credibility	National long – term negative media coverage, significant loss of trust and credibility
External Relationship	Minimal strained relationship with partners/third parties	Minor strained relationship with partners/third parties	Moderate strained relationship with partners/third parties	Evidence of relationship issues with partners/third parties	Severe relationship issues with partners/third parties
Quality	Work is fit for purpose but may require minimal changes	Work is fit for purpose but may require minor changes	Moderate changes or specialist resource required to provide high quality outputs	Scope changes required to provide high quality outputs	Project outputs are not credible/robust, with no assurance and partners do not endorse reports
Time	0 – 1 month	1 – 3 months	3 – 9 months	9 – 12 months	12 – 18 months

5 x 5 Opportunity Scoring Criteria

Likelihood Criteria	Very Low	Low	Medium	High	Very High
	≤5%	6-25%	26-50%	51-74%	>75%
Impact Criteria	**Very Low**	**Low**	**Medium**	**High**	**Very High**
Cost (Tier 1 - £0-£2m Budget)	£0 - -£10k	-£10k - -£20k	-£20k – -£50k	-£50k - -£80k	-£80k - -£100k
Cost (Tier 2 - £2-6m Budget)	£0 - -£40k	-£40k – -£80k	-£80k - -£200k	-£200k - -£320k	-£320k - -£400k
Cost (Tier 3 –£6-14m Budget)	-£0 - -£100k	-£100k - -£200k	-£200k - -£500k	-£500k--£800k	-£800k- -£1m
Reputation	Minimal positive local media coverage/ increase of trust and credibility	Minor positive local media coverage/increase of trust and credibility	Moderate positive regional media coverage/increase of trust and credibility	National short – term positive media coverage/considerable increase of trust and credibility	National long – term positive media coverage, significant increase of trust and credibility.
External Relationship	Minimal increase in TfN's relationships with partners/third parties	Minor increase in TfN's relationships with partners/third parties	Moderate increase in TfN's relationships with partners/third parties	There is considerable evidence that TfN's relationships with partners/third parties is increasing	Relationships with partners/third parties significantly increased, benefitting TfN's credibility
Quality	Work is high quality with minimal changes	Work is high quality with minor changes	Moderate changes and no additional specialist resource to provide very high-quality outputs	Scope changes not required to exceed high quality outputs	Exceeds credible/robust project output expectations, with assurance & partners endorse reports
Time	0 – -1 month	-1 – -3 months	-3 – -9 months	-9 – -12 months	-12 – -18 months

TRANSPORT FOR THE NORTH

Meeting:	Transport for the North Board
Subject:	Organisational Design Update & Governance
Author:	Stephen Hipwell, Head of Human Resources & Julie Openshaw, Head of Legal
Sponsor:	Dawn Madin, Business Capabilities Director
Meeting Date:	Thursday 29 September 2022

1. Purpose of the Report:

1.1 To provide an overview of TfN's revised Senior Management Structure and required Director level recruitment as a result of this organisational change.

1.2 To establish a new Appointments Sub-Committee of the General Purposes Committee and explain the background and need for this.

1.3 To seek approval to delegate responsibility for annual objective setting, for TfN's Chief Executive, to the General Purposes Committee.

2. Recommendations:

2.1 That the Board:

- **Notes** TfN's revised Senior Management Structure (Director Level) as attached at Appendix 1;
- **Notes** the current status of Director level recruitment as a result of the revised senior management structure;
- **Approves** the establishment of an Appointments Sub-Committee of the General Purposes Committee with the membership and Terms of Reference as set out in the report at Appendix 2; and
- **Approves** to delegate authority for annual objective setting for TfN's Chief Executive to the General Purposes Committee.

3. Main Issues:

3.1 Aligned to the Business Planning Process for FY2022/23, as previously reported to the Board, TfN's Chief Executive (Head of Paid Service) ("CEO") has undertaken a review and re-design of TfN's Senior Management Structure to ensure this best meets the future needs of the business.

3.2 The need for the review and re-design of the Senior Management Structure and indeed TfN's wider establishment was necessitated by the significant reduction in budget (circa 29%) and associated recent changes to TfN's organisational role and remit, including the move to co-sponsorship of the Northern Powerhouse Rail ("NPR") programme (TUPE transfer of the NPR Management Team to the DfT) and formation of the Analytical "Host Service" to the DfT.

3.3 Following the completion of consultation with both UNISON and employees directly impacted; the revised Senior Management Structure (Director Level) has now been finalised and is detailed at **Appendix 1.**

3.4 Recruitment to the roles of Finance Director (S151 Officer), Rail & Roads Director & Strategy, Policy & Communications Director commenced on 5 September 2022 (closing date for applications is 29 September 2022) and it is anticipated that appointments to all these roles will be completed by early November 2022.

3.5 In the case of the Finance Director as a Statutory Officer role, this appointment will be subject to TfN Board approval with responsibility for completing the required recruitment process having been previously delegated by the Board to the General Purposes Committee ("GPC").

3.6 The GPC has been established by Board, and on 30 June 2022, Board considered a further report, noting that GPC could consider setting up a smaller sub-committee of itself for the purpose of the selection process for Statutory Officers. Membership of GPC was also confirmed, and remaining authorities have now confirmed their nominees.

3.7 On 26 July 2022 a Chief Executive Consultation Call of GPC was held with some members attending virtually, whilst others were contacted and consulted by the Chief Executive following the Consultation Call, in compliance with the CEO's delegated authority set out in paragraph 18.8 of the Constitution.

3.8 A report was considered, which explained the proposed process and timescale for the recruitment to the vacancy for the Finance Director (S151 Officer). The Consultation Call considered recommending to this Board that an Appointments Sub-Committee of GPC be established, to deal with this role, and any future Statutory Officer roles as and when that may be required. It was noted that this would replace the previous ad-hoc panels and confirmed that whilst the proposed Appointments Sub-Committee would deal with the recruitment process up to the stage of recommending a candidate, the final approval of a recommended candidate would remain a decision for full Board to make.

3.9 The Consultation Call on 26 July 2022 noted the proposed Role Profile as approved by the Chief Executive as Head of Paid Service, and the proposed Terms of Reference for the proposed Sub-Committee. The Terms of Reference are now appended at **Appendix 2** of this report. Following the Consultation Call the Chief Executive contacted other GPC members who had been unable to attend the Call to inform them of the outcome of the Call and invite any other comments; no substantive comments other than to support the outcome of the Consultation Call were made. Accordingly, Board is now invited to approve the establishment of an Appointments Sub-Committee of the General Purposes Committee with the membership and Terms of Reference as set out in the report at **Appendix 2.** In line with the proposed role of the Appointments Sub-Committee, Members are also invited to consider including the recruitment of any future Chair of TfN (whenever that may be required) within the Terms of Reference of the proposed Appointments Sub-Committee noting again that the final approval of a recommend candidate would be made by full Board. If Members support this approach, the additional words in square brackets in **Appendix 2** will need to be included.

3.10 It should be noted that whilst not themselves Statutory Officer appointments, the Selection Panels for the two other Director-level vacancies, will include TfN Board Member representation.

3.11 Alongside the changes to the Senior Management Structure detailed above, in order to achieve the necessary level of budget reduction for FY2022/23, TfN has also completed a reshaping of its wider establishment at team-level which has resulted in an overall reduction in the establishment from 137 posts to 103 posts (circa 31% reduction over the last 12 months).

3.12 In reshaping and reducing the establishment, the Chief Executive has aimed to ensure that TfN is both capable of delivering its priority areas of activity and is affordable in the medium-term. A guiding principle throughout has been a focus on retaining (and in some instances increasing) the technical capacity and

capability. At the same time, given that TfN moving forward is a smaller and less complex organisation, he has taken the opportunity to reduce support functions.

3.13 Following the completion of consultation with both UNISON and employees directly impacted all required changes at team-level have now been implemented and revised team-level structures were made effective from 1 September 2022. Recruitment to residual vacancies as result of all team-level changes is also now on-going.

3.14 As previously reported to the Board, aligned to the significant changes to TfN's role, remit and structure, an independent review of TfN's pay, grading and evaluation has been carried out by Korn Ferry Hay.

3.15 This review concluded that whilst there was a need to amend grades assigned to a small number of Senior Management roles as a result of the recent changes to the organisation's role and remit, that TfN had otherwise clearly maintained the necessary discipline with regards to the application of its Job Family Framework in terms of the design, grading and evaluation of roles and value for money. The findings from the review have been consulted with UNISON and employees affected and implemented in full.

3.16 Having now belatedly completed all required business planning and subsequent senior management and team level re-design, objective setting for the remainder of the financial year is now being completed at all levels across TfN.

3.17 In the case of objective setting for the TfN's Chief Executive ("CEO"), the recent decision taken by the Board to delegate authority to TfN's GPC all disciplinary (including capability) matters related to TfN's Statutory Officers has highlighted a point within TfN's Constitution which needs to be addressed.

3.18 As currently drafted, responsibility for setting annual objectives for the CEO continues to reside with the Board. With the establishment of the GPC, it would be appropriate for the Board to similarly delegate this requirement to TfN's GPC to enable it to manage the full performance framework for the CEO.

3.19 Should this be agreed, it is proposed that TfN's HR Team in consultation with the CEO produce a draft set of objectives on an annual basis, aligned to TfN's agreed Business Plan & Budget for consideration, finalisation and approval by the GPC. It is anticipated that this would be dealt with as a non-public item.

3.20 It should be noted that objective setting for TfN's remaining Statutory Officers (S151 Finance Officer and Monitoring Officer) is unaffected by this proposal and would continue to reside with TfN's CEO.

3,21 If agreed, both the Constitution and GPC's Terms of Reference will be updated, and a suitable process for the setting and monitoring of the CEO's annual objectives agreed at the next meeting of the GPC.

4. Corporate Considerations

Financial Implications

4.1 The financial implications have been considered and addressed within the report.

Resource Implications

4.2 The resource implications have been considered and addressed within the report.

Legal Implications

4.3 The legal implications have been considered and addressed within the report.

Risk Management and Key Issues

4.4 The risk management and key issues have been considered and addressed within the report.

Environmental Implications

4.5 No environmental impact.

Equality and Diversity

4.6 The equality and diversity implications have been considered and addressed within this report.

Consultations

4.7 There was no consultation required.

5. Background Papers

5.1 There are no background papers.

6. Appendices

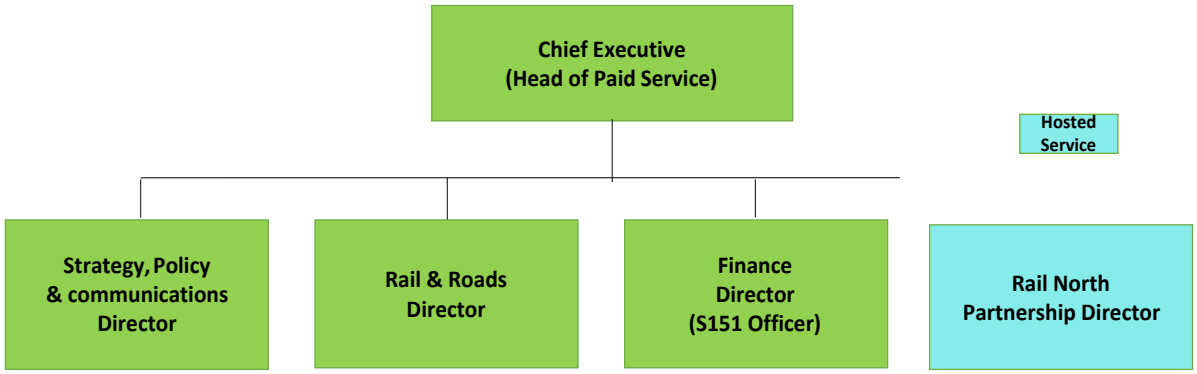
6.1 Appendix 1 - TfN Senior Management (Director Level) Structure.
Appendix 2 - GPC Terms of Reference

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

Please include any technical abbreviations and acronyms used in the report in this section.

TfN – Transport for the North
DfT – Department for Transport
GPC – General Purpose Committee
NPR – Northern Powerhouse Rail
CEO – Chief Executive

Appendix 1 - TfN Senior Management (Director Level) Structure



Appendix 2 – Draft Appointment Sub-Committee Terms of Reference

The Appointment Sub-Committee shall undertake the following functions:

(i) Selecting a preferred candidate, for recommendation to TfN Board, to the role of any Statutory Officer, [or Chair of TfN Partnership Board/TfN Board] including considering applications, forming a longlist and a shortlist, and conducting interviews; and

(ii) Recommending to TfN Board, before any offers of appointment are made by TfN, a preferred candidate for appointment to the role of any Statutory Officer [or Chair of Partnership Board/TfN Board].

Membership

The membership of this Appointment Sub-Committee shall consist of the following:

- TBC, TfN GPC Chair
- (To be appointed), TfN GPC Member (Labour Party Group Representative)
- (To be appointed), TfN GPC Member (Conservative Party Group Representative)
- (To be appointed), TfN GPC Member (Other Minority Party Group Representative)
- (To be appointed), TfN GPC Member (LEP Representative) - Observer Capacity
- Martin Tugwell, TfN Chief Executive – Observer Capacity

Each Member of the Appointment Sub-Committee in circumstances where they are unable to act, will be permitted allow their Authority's appointed General Purposes Committee Substitute Member to participate in the process, but where a Member or Substitute Member attends the interview of a candidate only that Member or Substitute Member may take any further part in the appointment process and after that point no Substitute Member may be substituted.

Chair

The Appointment Sub-Committee shall be chaired by the Chair of General Purposes Committee. If the Chair of General Purposes Committee is not present at any Appointments Sub-Committee meeting, and if no Vice Chair is present, the Members of the General Purposes Committee who are present shall elect a chair from amongst their number, each Member present having one vote. The Chair shall not have a casting vote.

Quorum

Any such meetings (and associated decisions) will only be considered quorate if a quorum of the General Purposes Committee (or their nominated substitute Member) is present.

Rules of Debate, Voting and Procedure

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

Any decision of the Appointment Sub-Committee to recommend a candidate to the TfN Board for appointment must be supported by a majority of the voting Members of the Appointment Sub-Committee.