

**TRANSPORT FOR THE NORTH
DRAFT STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED
31 MARCH 2026**

CONTENTS

	Page
Narrative report	1 - 8
Statement of responsibility for the accounts	9
Comprehensive income and expenditure statement	10
Balance sheet	11 - 12
Movement in reserves statement	13 - 14
Statement of cash flows	15
Notes to the financial statements	16 - 49
Annual governance statement 2025/26	50 - 61
Glossary	62 - 66
Independent auditor's report to the members of Transport for the North	67

NARRATIVE REPORT

FOR THE YEAR ENDED 31 MARCH 2026

Our role and operating context

Transport for the North (TfN) is the statutory sub-national transport body for the North of England. We support our Combined Authorities by bringing partners together to take a joined-up view of the North's strategic transport needs and priorities.

Our role is both strategic and practical. We help the North work together on pan-northern issues by convening partners, informing decisions and helping the North make the case for investment. Alongside this, we provide data, analysis, insight and technical support to help our Combined Authorities and partners develop plans, priorities and business cases.

Our Strategic Transport Plan (STP), adopted by the TfN Board in March 2024, is the North's long-term transport strategy to 2050. It provides the shared framework for our work, setting out the region's long-term ambitions for connectivity to support sustainable growth, decarbonisation, health and social inclusion. Our [monitoring and evaluation dashboard](#) demonstrates progress against the ambitions and reports on key metrics.

During 2025/26, our operating environment changed significantly. Further devolution across the North, changes in the wider policy landscape and a reduction in core funding meant TfN needed to begin reshaping how it operates. During the year, we began our reset and restructure, including refocusing the organisation on the pan-northern functions that matter most to our Board and members. This work continues into 2026/27.

That refocus has centred on three key priorities agreed by our Board for 2026/27:

- supporting delivery through the TfN Offer by sharing evidence, data and technical capability;
- working collectively on pan-northern rail issues; and
- securing pan-northern investment priorities across road and rail.

This provides a clearer and more sustainable focus for TfN as we respond to a different operating environment while continuing to support the North's long-term ambitions for growth, set out in the STP.

Progress against our 2025/26 Business Plan

During 2025/26, we monitored delivery of the priorities and milestones set out in our Business Plan through our [Quarterly Operating Reports](#), which were shared with members and stakeholders across the year. Together, these reports show progress across the core areas of work we set out for the year, including making the case for investment, strengthening the TfN Offer, supporting rail reform and rail delivery and maintaining and applying the North's evidence base.

- Published both phases of the **Northern Appraisal Playbook**, with phase one published in May 2025 and phase two in February 2026 and used this work to support engagement with government and national partners on appraisal reform and place-based business cases.
- Continued to grow the **TfN Offer** as a key means of supporting constituent authorities with data, tools and technical expertise. By mid-March 2026, we had received 198 requests during the financial year, with 185 completed and a further 13 in progress. We also delivered six showcase sessions to improve access/understanding to the TfN Offer and continued to expand self-service and specialist support for partners.
- Continued to support pan-northern investment planning, working with **National Highways** and constituent authorities on the case for road investment in the North. The final **Road Investment Strategy 3** confirmed delivery of major schemes including the **A66** and **Simister Island**, while TfN also supported local highways authorities responding to the Department for Transport review of the Large Local Major and Major Road Network programme.
- On rail, we continued to develop the North's **State of Play** as a single view of planned rail infrastructure, rolling stock and service changes, helping to strengthen alignment between investment programmes and future service planning. Place-based rail work also progressed through supporting partners to set up a **York Place-Based group** and the establishment of the **Sheffield Area Task Force** as well as the ongoing **delivery of the Transpennine Route Upgrade** through chairing the Stakeholder Forum. Alongside this, we supported the Rail North Committee priorities including advocacy for a **more accessible rail network**, advice to the Secretary of State and regular engagement with rail industry leaders.

NARRATIVE REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

- Through the **Rail North Partnership**, we continued to work with partners and operators on performance, accessibility and the future development of rail services in the North. This included supporting longer-term service specifications, contributing to rolling stock procurement, helping to set the three-year budgets and delivery plans for two of the big train operators – which meant current services, fleets and stations could be protected – and continuing to work on solutions to provide a 7-day railway for the North.
- Maintained our programme of work commissioned by the Department for Transport in support of **Northern Powerhouse Rail**, using the TfN Analytical Framework to provide economic, strategic, social and land-use analysis. Alongside this, we completed the re-base of the **Northern Transport Modelling System** to 2023/24 and progressed development of **BRONTE**, our land use and transport interaction model.
- Used our evidence and insight to support constituent authorities and wider partners. During the year, we updated the **Transport Related Social Exclusion** dashboard, carried out further research including young people and transport-related social exclusion and delivered **Northern Transport Voices** research on rail services, road safety and attitudes to electric vehicles.
- Continued to support local delivery of electric vehicle charging infrastructure through our forums, data and tools, launched the upgraded **Carbon Baseline Dashboard**, and completed climate vulnerability mapping for local roads for use by partners.
- In freight and logistics, we continued to work with partners, ports and industry to identify the interventions needed to **support rail freight growth** and strengthen the strategic role of Northern ports. This included preparing statutory advice on rail freight priorities and developing evidence on the strategic importance of ports to the North's economy.

This work has taken place alongside TfN's organisational reset and restructure, in response to a changing operating environment and a reduction in core funding. As the North evolves, so too must the organisations that serve it. TfN is focused on serving our members, supporting the North's 11 Combined Authorities to shape a better-connected region, and providing the data, insight and technical capability needed to support stronger transport plans, business cases and long-term growth.

Looking ahead to 2026/27 and beyond

Our 2026/27 Business Plan represents the first step in a new focus for TfN and marks a new chapter as a more agile and responsive organisation, while continuing to bring the North together around shared strategic transport priorities. Collaboration remains central to TfN's future, and we will continue to work closely with our Board, the North's 11 Combined Authorities, local leaders, business representatives, government and delivery partners to progress shared pan-Northern ambitions. To read more, see our [2026/27 Business Plan](#).

Governance

The Annual Governance Statement, which follows the financial statements, provides an overview of how our governance arrangements operate and reports on how they have been reviewed to ensure that they provide an effective system of internal control.

Business model and performance

TfN is a single-entity organisation, meaning we do not have a group-structure.

Our Business Plan for 2025/26 set out our objectives and commitments, which are reported above. Progress has been monitored via our Quarterly Operating Reports, which are routinely shared with our Board, committees and published on our website.

NARRATIVE REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

Delivering on our objectives

Our people: Team TfN

Our colleagues are central to TfN's ability to deliver for members and partners. Throughout 2025/26, they continued to show adaptability and commitment in a changing operating environment, helping to deliver the priorities set out in our Business Plan.

During the year, TfN began its organisational reset and restructure in response to a changing operating environment and a reduction in core funding. Throughout this period, the professionalism and dedication of colleagues have been critical in maintaining delivery and supporting the organisation through change.

We remain committed to being a responsible and supportive employer. Our values continue to shape how we work, alongside our focus on employee voice, wellbeing, inclusion and development. These foundations are important as TfN moves forward as a more agile and responsive organisation.

Our values

Developed with our employees, our values and behaviours underpin our culture and ways of working. They, and our core behaviours, are set out below and 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

Instil 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 employees. Our approach fulfils our statutory obligations by 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 most of the 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. We continue to evolve our approach to ensure we can be effective when facing new challenges and/or to address existing problems in different ways.

NARRATIVE REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

Our resourcing plan

As agreed in our 2025/26 Business Plan, to maximise value for money, we continued to minimise our reliance on external consultants' posts, wherever possible. This helped give us certainty over resources and the balance of skillsets we deployed.

At 31 March 2026, our reset and restructuring is ongoing to downsize our organisation in response to the change in our core funding.

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 currently received in the form of grants from the Department for Transport. 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.

In 2025/26, DfT provided a general 'Core' funding grant that enabled 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 a discrete grant, ring-fenced to specific areas of activity including Rail North Partnership, and to provide analytical services for the Northern Powerhouse Rail Business Case.

Where ring-fenced grants are unused, any unspent funding at the point that activity is completed will be returned to the Department for Transport. 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.

Risk management

We have developed risk management processes through which we identify and address the risks associated with each area 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. Corporate and functional risks are monitored regularly, with a standing item on the Audit and Governance Committee, and a biannual review of the Corporate Risk Register by the TfN Board.

Financial performance 2025/26

Performance against budget

Total expenditure for the year 2025/26 was £17.6m, £1.5m above base budget. The overspend was due to transition costs associated with the restructure of TfN (£1.9m), which have been funded from Core reserves. Excluding transition costs, costs were £0.4m underspent against budget (the majority within Hosted activities). Our financial performance over the course of the year can be summarised as follows:

	Actual £m	Budget £m	Variance £m
Operational			
Rail, Modelling, Legal & Communications	4.14	4.03	(0.11)
Strategy & Roads	1.77	1.93	0.16
Business Support	2.37	2.39	0.02
Total Operational and Business Support	8.28	8.35	0.07
Hosted			
Rail North Partnership	1.77	2.07	0.29
NPR Analytical Support	5.66	5.70	0.04
Total Hosted	7.43	7.77	0.33
Transition costs	1.93		(1.93)
Total Budget	17.64	16.12	(1.52)

NARRATIVE REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

The majority of the variance within Hosted activities relates to Rail North Partnership (£0.29m) and reflects the reduced funding granted for 2025/26. Operational and Business Support activities were around the budgeted level.

Operational activity is predominantly funded by TfN Core grant received from the Department for Transport, supplemented by contributions from partners, and a small amount of income from contracts for services provided to partner bodies and interest on investing activities. In meeting operational expenditure, we applied both grant received in year, and grant held in reserves from prior years. The underspend in this area therefore reduced the anticipated draw on reserves in the year, leaving a higher reserve balance at the year-end than budgeted.

Hosted activities are predominantly funded through specific ring-fenced grants, which cannot be repurposed for other activities.

Reconciliation between outturn and Comprehensive Income & Expenditure Statement (CIES)

The following table shows the differences between the management accounts outturn position and those balances shown on the face of the CIES.

Income	£m
Outturn position	(17.64)
Adjustments for:	
Pensions (IAS19) - interest on plan assets	(1.30) In CIES not in outturn
RNP grant taken to earmarked reserves	0.01 In outturn not in CIES
Draw from core reserves	2.17 In outturn not in CIES
CIES balance	(16.76)

Expenditure	£m
Outturn position	17.64
Adjustments for:	
Pensions (IAS19) - service/interest cost	0.80 In CIES not in outturn
Movement on accumulated absence provision	(0.02) In CIES not in outturn
CIES balance	18.43

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; the treatment of accumulated employee absence costs; and the treatment of grants received.

NARRATIVE REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

Balance sheet movements

	2024/25 £m	Movement £m	2025/26 £m
Assets			
Cash & cash equivalents	8.53	(0.28)	8.25
Tangible Asset (ROU)	0.28	(0.08)	0.20
Debtors	0.96	(0.61)	0.35
	9.77	(0.97)	8.80
Liabilities			
Provisions	(0.02)	(0.00)	(0.02)
Grants received in advance	(3.23)	0.53	(2.70)
Leases	(0.20)	0.07	(0.13)
Pension (liability)/asset	(1.14)	1.14	(0.00)
Creditors	(1.68)	(1.81)	(3.49)
	(6.28)	(0.06)	(6.34)
Net assets/ (liabilities)	3.49	(1.02)	2.46

The balance sheet position at 31 March 2026 shows a reduction of £1.0m in net assets from the prior year.

The main reason for the reduction in net assets was a large increase of £1.8m in creditors this year, due to the inclusion of a provision of £1.6m accrued for transition costs this year-end. This has been offset by a reduction in the pension liability of £1.1m.

Cash and cash equivalents and grants received in advance have reduced slightly as a result of receiving a smaller Core grant for 2026/27 at the end of the year, compared to that received for 2025/26 at the end of the prior year.

These movements also affect the reserve balances held by TfN at the year end.

	2024/25 £m	Movement £m	2025/26 £m
Unusable reserves			
Accumulated absence reserve	0.11	(0.02)	0.09
Pension reserve	1.14	(1.14)	0.00
Capital adjustment account	-	0.03	0.03
	1.25	(1.13)	0.13
Usable reserves			
RNP grant earmarked reserve	(0.11)	0.01	(0.09)
General fund reserve	(4.63)	2.14	(2.49)
	(4.74)	2.15	(2.59)
Total reserves	(3.49)	1.03	(2.46)

The negative Unusable reserves, generally held to manage statutory adjustments to general accounting practice, have reduced by £1.1m mainly due to an improved reassessment of the pension position.

Usable reserves are uncommitted funds that can be applied to future expenditure. These have reduced by £2.2m reflecting the transition costs of £1.9m incurred in the year for which no additional grant funding was received.

NARRATIVE REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

Financial planning 2026/27

TfN is subject to essentially the same regulatory framework as its Combined Authority partner bodies. This framework confers upon the organisation an obligation, a balanced-budget requirement, and the need to adopt a reserve strategy.

These requirements, together with our relationship with the Department for Transport, set the parameters within which we will manage our operations in relation to funding.

The 2026/27 business planning process identified our key strategic priorities, in the context of TfN resetting, and has then informed team and individual priorities and budgets for the year ahead. 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 activities 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 minimises barriers for suppliers to participate in such exercises.

Expenditure and funding

As part of the reset of TfN in 2025/26, there was a need to resize and restructure the TfN executive. The resulting downsizing programme will deliver an executive that is affordable and contains the skills required to deliver the TfN's Board priorities for 2026/27.

In this way, we have ensured that the TfN executive is more agile, as well as more responsive to our constituent authorities' needs. This approach will also ensure that the TfN executive continues to evolve to reflect the new business and funding model that is needed for implementation from April 2027.

To deliver the activity set out in our Business Plan, we have a total budgeted expenditure for 2026/27 of £11.3m. This includes £4.2m of expenditure supporting core operations and £7.1m of expenditure on hosted activities with the associated funding streams as shown below:

Budget by activity	£m	£m	Budget by fund	£m
Operational:			Core grant	4.00
Strategy & TfN Offer	1.21		Rail North grant/ Local contributions	0.25
Rail	0.31			
Corporate Services	0.75		Use of reserves	0.00
		2.27	Total operational and back office	4.25
Back office		1.98		
Total operational and business support		4.25	Rail North Partnership grant	1.16
			Rail North grant/ Local contributions	0.42
Hosted:			Contract income	0.28
Rail North Partnership	1.86		NPR/ DfT Analytical support grant	5.23
NPR Analytical Support	5.23		Total hosted	7.09
Total hosted		7.09		
Total budget		11.33	Total budget	11.33

As a Sub-national Transport Body, we are unable to recover VAT on our purchases of goods and services, hence the external cost budget includes VAT.

Core duties include operational and support costs. 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 we have with the Department for Transport.

TfN will remain almost entirely funded by grants from the Department for Transport. Aside from a £4.0m Core grant funding allocation, we receive funding that 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.

NARRATIVE REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

The reserves strategy set out in the 2026/27 Budget report is based upon a 2025/26 year-end General Fund Reserve of £2.5m, created by Core Grant underspends in prior years. None of this balance is planned to be drawn upon in 2026/27 to support the delivery of the business plan activities.

This budget is based on an establishment of around 83 roles, reduced from around 122 roles in the 2025/26 budget. Any further one-off transition costs to be incurred in 2026/27 will be covered by our existing usable reserves.

The minimum level of reserves for TfN was originally set at £2m to cover any unplanned financial shocks. While this level of minimum reserves is being reconsidered given the reduced size of TfN in 2026/27, future draws upon the General Fund Reserve for further transition costs are likely to be unsustainable.

Through ongoing dialogue with the Department for Transport and with our constituent authorities in 2026, TfN is seeking to develop a new funding model from 2027/28 onwards that reflects a new agile, efficient and effective operating model and provides a more sustainable way forward for our activities that add value to our members.

Financial outlook

TfN is almost entirely funded by the Department for Transport. This means that we are particularly sensitive to the government funding cycles and decisions, both in terms of the quantum and the term over which funding is granted.

In February 2026, the core grant for 2026/27 was confirmed to reduce from £7.21m to £4.0m. We are continuing constructive dialogue with DfT and with our constituent authorities on our future funding and operating models, to provide a more sustainable basis to aid future business planning.

Grant funding enables us to continue to deliver our functions as a 'going concern'. We are party to a Memorandum of Understanding (MoU) with the Department for Transport which provides us with sufficient comfort that we can 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.

There is no indication that TfN will be wound up by statute in the next 12 months.

Our medium-term financial plan

All local government bodies – including TfN – 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, elements of our funding are ringfenced and can only be drawn down as required. This means our reserves 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 2025/26 year-end total reserve balance of £2.0m that, due to finalising year-end accounting, became £2.5m at year end.

Given work is ongoing to define new funding and operating models, our strategy currently retains the requirement for a minimum reserve of £2m. Once longer term funding arrangements are clearer, TfN would be able to reassess its reserves strategy including the required minimum, if needed.

While Core funding for 2026/27 is confirmed, there is at present no confirmed funding envelope for 2027/28 onwards. Discussions are ongoing with constituent authorities. The absence of confirmed multi-year allocations is a risk to medium term financial sustainability and this is being kept under very close review.

On behalf of the board

.....

Date:

**STATEMENT OF RESPONSIBILITY FOR THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2026**

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 S151/Finance Director
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the Statement of Accounts.

The S151/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 S151/Finance Director has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code.

The S151/Finance Director has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the S151/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 2026.

Lisa Pitt

S151/Finance Director

30 June 2026

Chair's Certificate

I certify that the Statement of Accounts for the year ended 31 March 2026 was approved at the meeting of the Board on XX XXXX 2026.

Louise Gittins

Interim Co-Chair of Transport for the North Board

XX XXXX 2026

TRANSPORT FOR THE NORTH**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2026**

	Notes	2026 Expenditure £'000	2026 Income £'000	Net £'000	2025 Expenditure £'000	2025 Income £'000	Net £'000
NPR/DfT Analytical Support		(5,658)	5,658	-	(5,754)	5,754	-
Rail North Partnership		(1,664)	1,762	98	(1,811)	1,851	40
Operation Areas		(9,740)	478	(9,262)	(7,531)	474	(7,057)
Cost of services		<u>(17,062)</u>	<u>7,898</u>	<u>(9,164)</u>	<u>(15,096)</u>	<u>8,079</u>	<u>(7,018)</u>
Financing and Investment Income and Expenditure	10	(1,366)	1,650	284	(1,038)	1,312	274
Finance costs							
Taxation and non-specific grant income	6	-	7,210	7,210	-	7,210	7,210
(Deficit)/Surplus for the year on provision of services	11	<u>(18,428)</u>	<u>16,758</u>	<u>(1,670)</u>	<u>(16,134)</u>	<u>16,601</u>	<u>466</u>
Other comprehensive income:							
Items that will not be reclassified to profit or loss							
Remeasurement of the net defined benefit liability/asset				647			(45)
Total items that will not be reclassified to profit or loss				647			(45)
Total other comprehensive income/(expenditure) for the year				<u>647</u>			<u>(45)</u>
Total comprehensive (expenditure)/income for the year				<u>(1,023)</u>			<u>421</u>

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.

TRANSPORT FOR THE NORTH**BALANCE SHEET****AS AT 31 MARCH 2026**

	Notes	2026 £'000	2025 £'000
Non-current assets			
Intangible assets	12	-	-
Property, plant and equipment	13	199	282
		<u>199</u>	<u>282</u>
Current assets			
Trade and other receivables	15	349	956
Cash and cash equivalents	14	8,249	8,527
		<u>8,598</u>	<u>9,483</u>
Current liabilities			
Trade and other payables	16	3,410	1,609
Lease liabilities	17	77	74
Provisions	18	22	21
Deferred revenue	19	2,699	3,233
		<u>6,208</u>	<u>4,937</u>
Net current assets		<u>2,390</u>	<u>4,546</u>
Non-current liabilities			
Lease liabilities	17	127	200
Retirement benefit obligations	20	-	1,143
		<u>127</u>	<u>1,343</u>
Net assets		<u>2,462</u>	<u>3,485</u>
Equity			
Usable reserves	21	2,583	4,739
Unusable reserves	21	(121)	(1,254)
Total equity		<u>2,462</u>	<u>3,485</u>

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. The second category of reserves is those that the authority cannot 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.

TRANSPORT FOR THE NORTH

BALANCE SHEET

AS AT 31 MARCH 2026

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:

.....

Director

TRANSPORT FOR THE NORTH**MOVEMENT IN RESERVES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2026**

	General Fund Balance	Earmarked general fund reserves	Total General Fund Balance	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2024	4,269	97	4,366	-	4,366	(1,302)	3,064
Year ended 31 March 2025:							
Surplus for the year	466	-	466	-	466	-	466
Other comprehensive income: Other Comprehensive Income / Expenditure		-	-	-	-	(45)	(45)
Total comprehensive income and expenditure for the year	466	-	466	-	466	(45)	421
Adjustments between accounting basis and funding basis under regulations	(93)	-	(93)	-	(93)	93	-
Net increase/(decrease) before Transfer to Earmarked Reserves	373	-	373	-	373	48	421
Transfer (to)/from Earmarked Reserves	(9)	9	-	-	-	-	-
Balance at 31 March 2025	4,633	106	4,739	-	4,739	(1,254)	3,485

TRANSPORT FOR THE NORTH**MOVEMENT IN RESERVES STATEMENT (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2026**

	General Fund Balance	Earmarked general fund reserves	Total General Fund Balance	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2025	4,633	106	4,739	-	4,739	(1,254)	3,485
Year ended 31 March 2026:							
Deficit for the year	(1,670)	-	(1,670)	-	(1,670)	-	(1,670)
Other comprehensive income:							
Other Comprehensive Income / Expenditure	-	-	-	-	-	647	647
Total comprehensive income and expenditure for the year	(1,670)	-	(1,670)	-	(1,670)	647	(1,023)
Adjustments between accounting basis and funding basis under regulations	(486)	-	(486)	-	(486)	486	-
Net increase/(decrease) before Transfer to Earmarked Reserves	(2,156)	-	(2,156)	-	(2,156)	1,133	(1,023)
Transfer (to)/from Earmarked Reserves	13	(13)	-	-	-	-	-
Balance at 31 March 2026	2,490	93	2,583	-	2,583	(121)	2,462

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.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2026

	Notes	2026 £'000	£'000	2025 £'000	£'000
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	22		(277)		1,370
Add back of investing or financing activities			(352)		(345)
Net cash (outflow)/inflow from operating activities			(629)		1,025
Interest received		351		364	
Net cash generated from investing activities			351		364
Net (decrease)/increase in cash and cash equivalents			(278)		1,389
Cash and cash equivalents at beginning of year			8,527		7,138
Cash and cash equivalents at end of year			8,249		8,527

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 tangible property assets. As TfN does not have powers to access credit – such as loans and overdrafts – it does not have cash flows relating to financing activities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

1 Accounting policies

General principles

The statement of accounts summarises Transport for the North ("TfN") transactions for the 2025/26 financial year and its position at the year end of 31 March 2026. 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. Draft statements must be published before 1st July 2026. 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 2025/26, 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.

The financial statements are prepared in sterling. Monetary amounts in these financial statements are rounded to the nearest £'000.

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 based on 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.

Accounting Standards issued but not yet adopted

The following standards have been issued but have not been adopted by the 2025/26 Code:

- a) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020.
- b) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022.
- c) Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.
- d) International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023.
- e) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

The above would not have a significant impact on the financial statements

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

1 Accounting policies (Continued)

Prior period error

Prior period adjustments may arise because 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.

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 events 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.

Going concern

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 wind-down of TfN's affairs should future decisions be made by Government that either end or reduce TfN's funding.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

1 Accounting policies (Continued)

Revenue

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
- 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.

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 can recover the VAT incurred on expenditure. Costs are shown gross of VAT within the relevant service lines on the face of the CIES.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

1 Accounting policies (Continued)

Intangible assets other than goodwill

Expenditure on non-monetary assets that do not have physical substance but are controlled by TfN because 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 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.

Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings

Lease term of 4.5 years on a straight-line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the Comprehensive Income and Expenditure Statement.

Impairment of tangible and intangible assets

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

1 Accounting policies (Continued)

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.

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.

Financial assets held at amortised cost

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.

Impairment of financial assets

Financial assets carried at amortised cost are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

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.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the TfN's obligations are discharged, cancelled, or they expire.

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, considering 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

1 Accounting policies (Continued)

Provisions (Continued)

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.

Employee benefits

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 because 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. Unlisted securities – current bid price
4. property - market value

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

1 Accounting policies (Continued)

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
 - current service cost – the increase in liabilities resulting from 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 resulting from 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 based on 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 because 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

1 Accounting policies (Continued)

Lease liabilities (continued)

The carrying amount of the lease liability is remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; or certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to the comprehensive income and expenditure statement if the carrying amount of the right-of-use asset is fully written down.

'Short-term' and 'low-value' leases

Where the lease term is twelve months or less and the lease does not contain an option to purchase the leased asset, lease payments are recognised as an expense on a straight-line basis over the lease term.

Leases where the underlying asset is 'low-value', lease payments are recognised as an expense on a straight-line basis over the lease term.

Grants

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
- 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

1 Accounting policies (Continued)

Accounting Standards issued but not yet adopted

The following standards have been issued but have not yet been adopted by 2025/2026 code:

- Classification of liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020.
- Lease liability in a Sale and Leaseback (amendments to IFRS 16) issued in September 2022.
- Non-current liabilities with covenants (Amendments to IAS 1) issued in October 2022.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.
- Translation to a Hyperinflationary presentation currency (amendments to IAS 21) issued in July 2024.
- Amendments to the classification and measurement of financial instruments (IFRS 9 and IFRS 7) issued in May 2024.
- Presentation and disclosure in financial statements (IFRS 18) issued in April 2024 and effective for the periods on or after January 2027.
- Subsidiaries without Public Accountability: Disclosures (IFRS 19) issued in May 2024 and effective for the periods on or after January 2027.

The above would not have a significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

2 Critical accounting estimates and judgements

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:

Grant income

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. These are detailed in note 6 – Grant Income.

Key sources of estimation uncertainty

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 considering 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 £410k. However, the assumptions interact in complex ways; details of the sensitivities are set out in note 20.

3 Material items of income and expense

There were no unusual or unexpected items of income and expenditure in the year.

TRANSPORT FOR THE NORTH**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2026****4 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).

	2025/26		
	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments (see note 5) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Rail North Partnership	13	(111)	(98)
Operational Areas	9,688	(426)	9,262
Net Cost of Services	9,701	(537)	9,164
Other Income and Expenditure	(7,545)	51	(7,494)
Surplus or Deficit on Provision of Services	2,156	(486)	1,670
Opening Combined General Fund Balance	(4,739)		
Plus/less Surplus or Deficit on the General Fund Balance for the Year (Statutory basis)	2,156		
Closing Combined General Fund Balance	(2,583)		
	2024/25		
Rail North Partnership	(9)	(30)	(40)
Operational Areas	7,175	(118)	7,057
Net Cost of Services	7,165	(148)	7,017
Other Income and Expenditure	(7,539)	55	(7,484)
Surplus or Deficit on Provision of Services	(373)	(93)	(467)
Opening Combined General Fund Balance	(4,366)		
Plus/less Surplus or Deficit on the General Fund Balance for the Year (Statutory basis)	(373)		
Closing Combined General Fund Balance	(4,739)		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

5 Note to the expenditure and funding analysis

2025/26

	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	£000	£000
NPR/ DfT Analytical Support	-	-	-
Rail North Partnership	(109)	(2)	(111)
Operational Areas	(438)	12	(426)
Net Cost of Services	(547)	10	(537)
Other Income and Expenditure	51	-	51
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	(496)	10	(486)

2024/25

	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	£000	£000
NPR/ DfT Analytical Support	-	-	-
Rail North Partnership	(35)	5	(30)
Operational Areas	(129)	11	(118)
Net Cost of Services	(164)	16	(148)
Other Income and Expenditure	55	-	55
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	(109)	16	(93)

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 – reversal of accumulated absence accruals from CIES to the accumulated absence account.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

6 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.

	2026	2025
	£'000	£'000
NPR Transport Development Fund	5,658	5,740
Rail North Partnership Grant	1,090	1,212
External Audit - Redmond Review support grant	31	15
Rail North Local Contributions	94	92
Rail North Rail Grant (via Local Contributions)	734	722
	<u> </u>	<u> </u>
Total Grant Income Credited to Services	7,607	7,781
Contract Income - Rail Services	291	298
	<u> </u>	<u> </u>
Total Income Credited to Services in CIES	7,898	8,079
	<u> </u>	<u> </u>
	2026	2025
	£'000	£'000
Other income		
Core grant	7,210	7,210
	<u> </u>	<u> </u>

Grants with conditions that may require unused allocations to be returned are shown as grants received in advance as a current liability. Grant received to fund NPR analytical support must be returned to the Department for Transport if not required. Amounts recognised on the Balance Sheet are disclosed in note 19.

	2026	2025
	£'000	£'000
Rail project funding	-	16
External Audit - Redmond Review support grant	-	15
NPR Transport Development Fund	199	448
Core grant	2,500	2,754
	<u> </u>	<u> </u>
	2,699	3,233
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

7 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 be 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. TfN no longer holds any capital grant.

General Fund Balance	2026	2025
	£'000	£'000
Pension cost (transferred to (or from) the Pension Reserve)	(496)	(109)
Holiday pay (transferred to Accumulated Absences Reserve)	(17)	16
Total Adjustments to Revenue Resources	(513)	(93)
Adjustments between Revenue and Capital Resources		
Capital expenditure financed from Capital Grants applied	165	-
Minimum revenue provision	(138)	-
Total adjustments	(486)	(93)

There was no capital grant unapplied during the year (2025: £nil).

8 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	Transfers	Balance at	Transfers	Balance at
	31 March	(in)/out	31 March	(in)/out	31 March
	2024		2025		2026
	£'000	£'000	£'000	£'000	£'000
Earmarked general fund reserves:					
Earmarked Devolved Powers Reserve	-	-	-	-	-
Earmarked RNP Grant Reserve	(97)	(9)	(106)	13	(93)
Total earmarked general fund reserves	(97)	(9)	(106)	13	(93)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

9 Auditor's remuneration

	2026	2025
	£'000	£'000
For audit services		
Audit of the financial statements	154	138
	<u>154</u>	<u>138</u>

Current year fees for audit services disclosed above includes £13k (2025: £13k) for additional fees for work relating to the prior period. The amounts exclude VAT.

10 Financing and Investment Income and expenditure

	2026	2025
	£'000	£'000
Interest income		
Financial instruments measured at amortised cost:		
Bank deposits	352	346
Financial instruments not measured at amortised cost:		
Interest on defined benefit asset	1,298	966
	<u>1,650</u>	<u>1,312</u>

Income above relates to assets held at amortised cost, unless stated otherwise.

Finance costs

	2026	2025
	£'000	£'000
Interest on lease liabilities	14	14
Net interest on net defined benefit liability	1,349	1,021
Other interest payable	2	2
Unwinding of discount on provisions	1	1
	<u>1,366</u>	<u>1,038</u>
Financing and Investment Income and expenditure	<u>284</u>	<u>274</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

11 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.'

	2026	2025
	£'000	£'000
(Deficit)/surplus for the year on provision of services		
Fees payable to the auditor	154	138
Fees, charges and other service income	(291)	(297)
Interest and investment income	(1,650)	(1,312)
Government grants and contributions	(14,817)	(14,992)
Employee benefits expenses	10,055	8,329
Other service expenses	6,927	6,687
Depreciation, amortisation and impairment	82	82
Interest payments	1,366	1,038
	<u> </u>	<u> </u>

Other service expenses includes all professional service costs, accommodation and business infrastructure costs relating to all activities delivered by TfN.

12 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.

	Operational assets £'000
Cost	
At 1 April 2024	932
	<u> </u>
At 31 March 2025	932
	<u> </u>
At 31 March 2026	932
	<u> </u>
Amortisation and impairment	
At 1 April 2024	932
	<u> </u>
At 31 March 2025	932
	<u> </u>
At 31 March 2026	932
	<u> </u>
Carrying amount	
At 31 March 2026	-
	<u> </u>
At 31 March 2025	-
	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

12 Intangible assets (Continued)

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

The note also recognises the development and implementation of TfN's enterprise resource planning (ERP) system. The ERP system is in use and is shown under the 'operational assets' column. The asset was initially valued at £1.01m however underwent an impairment adjustment in 2022 post-production of the draft accounts, which at the time, was below the materiality threshold. The values above have now been restated to reflect this impairment. The ERP system asset has been fully amortised.

TfN has no assets measured at current value.

13 Property, plant and equipment

	Freehold land and buildings £'000
Cost	
At 1 April 2024	-
Additions - application of IFRS 16	364
	<hr/>
At 31 March 2025	364
	<hr/>
At 31 March 2026	364
	<hr/>
Accumulated depreciation and impairment	
At 1 April 2024	-
Charge for the year	82
	<hr/>
At 31 March 2025	82
Charge for the year	83
	<hr/>
At 31 March 2026	165
	<hr/>
Carrying amount	
At 31 March 2026	199
	<hr/> <hr/>
At 31 March 2025	282
	<hr/> <hr/>

All of TfN's tangible assets are right-of-use assets.

TfN has no assets measured at current value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

14 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 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:

	2026	2025
	£'000	£'000
Cash and Bank Balances	3,949	4,527
Short Term Investments	4,300	4,000
	<u>8,249</u>	<u>8,527</u>

15 Trade and other receivables

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.

Total debtors include financial assets of £0.13m (2025: £0.68m), 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.

	Current		Non-current	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
TfN partners	112	658	-	-
Prepayments	217	280	-	-
Other	20	18		
	<u>349</u>	<u>956</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

16 Trade and other payables

This note shows the value of obligations to employees and suppliers.

	Current		Non-current	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Employees	508	108	-	-
HMRC	27	18	-	-
Greater Manchester Pension Fund	5	11	-	-
Forvis Mazars	169	150	-	-
TfN partners:				
Transport for Greater Manchester	6	3	-	-
Manchester City Council	-	2	-	-
Trade suppliers	2,695	1,317	-	-
	<u>3,410</u>	<u>1,609</u>	<u>-</u>	<u>-</u>

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.

On 18th September 2023 TfN moved its Manchester office location to Manchester Town Hall under a lease with Manchester City Council. Amounts owed to TfN partners (Transport for Greater Manchester) relate to internet service support (now terminated).

The table above includes financial liabilities of £3.4m (2025: £1.61m) 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.

17 Lease liabilities

	2026	2025
	£'000	£'000
Maturity analysis		
Within one year	85	85
Over one year but within five years	127	212
	<u>212</u>	<u>297</u>
Total undiscounted liabilities	212	297
Future finance charges and other adjustments	(8)	(23)
	<u>204</u>	<u>274</u>
Lease liabilities in the financial statements	<u>204</u>	<u>274</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

17 Lease liabilities (Continued)

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2026	2025
	£'000	£'000
Current liabilities	77	74
Non-current liabilities	127	200
	<u>204</u>	<u>274</u>

	2026	2025
	£'000	£'000
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	14	14
	<u>14</u>	<u>14</u>

TfN leases its Manchester office location at Manchester Town Hall from Manchester City Council. At 31 March 2026 the lease has a remaining term of 2.5 years (2025: 3.5 years).

TfN leases ICT equipment, which has been considered as a 'low-value' lease.

Short-term' and 'low-value' leases

During the year-ended 31 March 2026, a lease expense of £0.02m (2025: £0.05m) was charged to the Comprehensive Income and Expenditure Statement in respect of 'low-value' leases.

The minimum lease payments at 31 March 2026 for 'low-value' leases are:

	2026	2025
	£'000	£'000
Within one year	29	51
Between one and five years	-	29
In over five years	-	-
	<u>29</u>	<u>80</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

18 Provisions for liabilities

Provisions reflect the amount set aside for probable, but uncertain, economic obligations. Upon adoption of IFRS 16, a provision in respect of lease dilapidations has been recognised for the expected cost of TfN's obligation to restore its leased office at the end of the lease term. The amount has been calculated as the present value of the expected cost.

	2026	2025
	£'000	£'000
Provisions	22	21
	<u> </u>	<u> </u>

All provisions are expected to be settled within 12 months from the reporting date.

Movements on provisions:	Provisions
	£'000
At 1 April 2025	21
Unwinding of discount	1
	<u> </u>
At 31 March 2026	22
	<u> </u>

19 Deferred revenue

	2026	2025
	£'000	£'000
Arising from government grants	2,699	3,233
	<u> </u>	<u> </u>

All deferred revenues are expected to be settled within 12 months from the reporting date.

Analysis of deferred revenue is disclosed in note 6.

20 Retirement benefit schemes

Defined benefit 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

20 Retirement benefit schemes (Continued)

	2026	2025
	£'000	£'000
<i>Amounts recognised in comprehensive Income & Expenditure Statement</i>		
Current service cost	606	952
Net interest on defined benefit liability/(asset)	(260)	36
Effect of asset ceiling	311	19
	<hr/>	<hr/>
Total costs	657	1,007
	<hr/> <hr/>	<hr/> <hr/>

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). 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 2026	Approx % increase to defined benefit obligation	Approx monetary amount (£000's)
0.1% decrease in Real Discount Rate	2%	433
1 year increase in member life expectancy	4%	799
0.1% increase in the Salary Increase Rate	0%	23
0.1% increase in the Pension Increase Rate	2%	409

The Court of Appeal has recently issued its judgment in the Virgin Media case (Virgin Media Ltd v NTL Pension Trustees II Ltd & Ors) which could affect any scheme which was contracted-out of the State Second Pension on a final salary basis in the period between 6 April 1997 and 5 April 2016. The case centred on a change to benefits made in 1999 to the way in which deferred members' pensions were revalued in relation to inflation. The impact of the ruling on LGPS liabilities is not known and no adjustments to reflect the impact of the ruling have been made to the financial statements for the year. Management will continue to monitor the developments and consider the impact on the LGPS liabilities.

	2026	2025
	£'000	£'000
<i>Amounts recognised in other comprehensive income</i>		
Actuarial changes arising from changes in demographic assumptions	72	(35)
Actuarial changes arising from changes in financial assumptions	(449)	(4,810)
Return on plan assets (excluding the amount included in the net interest expense)	(1,131)	157
Other experience	1,117	(186)
Changes in the effect of the asset ceiling	(256)	4,919
	<hr/>	<hr/>
Total (income)/costs	(647)	45
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

20 Retirement benefit schemes (Continued)

Pensions assets and liabilities recognised in the balance sheet

The amounts included in the statement of financial position arising from the TfN's obligations in respect of defined benefit plans are as follows:

	2026	2025
	£'000	£'000
Present value of defined benefit obligations	19,966	17,308
Fair value of plan assets	(25,347)	(21,491)
Asset ceiling adjustment	5,381	5,326
	<u> </u>	<u> </u>
Deficit in scheme	-	1,143
	<u> </u>	<u> </u>
Reconciliation of the movements in the fair value of the scheme (plan) assets		
	2026	2025
	£'000	£'000
Opening fair value of scheme assets	(21,491)	(19,217)
Revaluation of opening fair value of scheme assets	-	-
	<u> </u>	<u> </u>
Revised opening fair value of scheme assets	(21,491)	(19,217)
Interest income	(1,298)	(966)
Re-measurement gain/(loss):	-	-
Return on plan assets (excluding the amount included in the net interest expense)	(1,131)	157
Other Experience	-	-
Contributions from employer	(1,153)	(1,116)
Contributions from employees into the scheme	(547)	(532)
Net benefits paid out	273	183
	<u> </u>	<u> </u>
Reconciliation of the movements in the fair value of the scheme (plan) assets	(25,347)	(21,491)
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

20 Retirement benefit schemes (Continued)

Reconciliation of the present value of scheme liabilities (defined benefit obligation)	2026	2025
	£'000	£'000
Opening balance at 1 April	17,308	20,036
Current service cost	606	952
Interest cost	1,038	1,002
Contributions from scheme participants	547	532
Re-measurement gains and losses:	-	-
Actuarial gains and losses arising on changes in demographic assumptions	72	(35)
Actuarial gains and losses arising on changes in financial assumptions	(449)	(4,810)
Actuarial gains and losses arising on changes in other assumptions	-	-
Other Experience	1,117	(186)
Past service cost	-	-
Net benefits paid out	(273)	(183)
	<u> </u>	<u> </u>
Reconciliation of the present value of scheme liabilities (defined benefit obligation)	19,966	17,308
	<u> </u>	<u> </u>

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

20 Retirement benefit schemes (Continued)

Local Government Pension Scheme assets comprised

	2026 Quoted £'000	2026 Unquoted £'000	2026 Total £'000	2025 Quoted £'000	2025 Unquoted £'000	2025 Total £'000
Cash & cash equivalents	802	-	802	655	-	655
Equity Securities						
Consumer	1,700	-	1,700	1,421	-	1,421
Manufacturing	1,346	-	1,346	1,040	-	1,040
Energy & utilities	1,279	-	1,279	1,273	-	1,273
Financial institutions	2,201	-	2,201	2,000	-	2,000
Health and care	1,231	-	1,231	999	-	999
Information technology	1,559	-	1,559	1,127	-	1,127
Other	342	-	342	289	-	289
	-----	-----	-----	-----	-----	-----
Subtotal Equity Securities	9,657	-	9,657	8,148	-	8,148
Debt Securities						
Corporate bonds (investment grade)	755	-	755	697	-	697
Corporate bonds (non-investment grade)	-	-	-	-	-	-
UK Government	1,138	-	1,138	949	-	949
Other	(820)	-	(820)	874	-	874
	-----	-----	-----	-----	-----	-----
Subtotal Debt Securities	2,712	-	2,712	2,521	-	2,521
Private Equity						
All	-	1,423	1,423	-	1,353	1,353
	-----	-----	-----	-----	-----	-----
Subtotal Private Equity	-	1,423	1,423	-	1,353	1,353
Real Estate						
UK property	-	1,459	1,459	-	1,121	1,121
	-----	-----	-----	-----	-----	-----
Subtotal Real Estate	-	1,459	1,459	-	1,121	1,121
Investment Funds & Unit Trusts						
Equities	1,300	-	1,300	388	-	388
Bonds	2,511	-	2,511	2,160	-	2,160
Hedge Funds	-	-	-	-	-	-
Commodities	-	-	-	-	-	-
Infrastructure	-	2,068	2,068	-	1,802	1,802
Other	564	2,979	3,543	566	2,790	3,356
	-----	-----	-----	-----	-----	-----
Subtotal Investment Funds & Unit Trusts	4,374	5,047	9,421	3,114	4,592	7,706
Derivatives						
Other	(128)	-	(128)	(13)	-	(13)
	-----	-----	-----	-----	-----	-----
Subtotal Derivatives	(128)	-	(128)	(13)	-	(13)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

20 Retirement benefit schemes (Continued)

Total Assets	17,418	7,929	25,347	14,425	7,066	21,491
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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 2026.

Financial

	2026	2025
	%p.a.	%p.a.
Pension Increase Rate (CPI)	3.00%	2.70%
Salary Increase Rate	4.50%	3.50%
Discount Rate	6.30%	5.85%

Mortality

	Female	Male
Current Pensioners	25.0 years	22.5 years
Future Pensioners*	25.9 years	23.5 years

*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

CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.

Future pensioners

CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

20 Retirement benefit schemes (Continued)

Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits.

Future funding

As noted in the Narrative Report, the total funding confirmed for 2026/27 is £4.0m for Core services reduced from £7.2m in 2025/26. Total TfN funding is budgeted as £11.33m in 2026/27 reduced from £17.64m actual spend in 2025/26. As a consequence, the contributions going into the pension fund will be reduced in 2026/27.

An amount of £0.8m employer pension contributions has been included in the 2026/27 budget whereas £1.1m contributions were paid into the pension fund in 2025/26.

21 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.

	2026	2025
	£'000	£'000
Earmarked Devolved Powers Reserve	-	-
Earmarked RNP Reserve	93	106
General Fund	2,490	4,633
	<u>2,583</u>	<u>4,739</u>
	<u>2,583</u>	<u>4,739</u>

Unusable reserves

The following reserves are unusable for reasons explained below.

	2026	2025
	£'000	£'000
Pension Reserve	-	(1,143)
Accumulated Absence Account	(94)	(111)
Capital adjustment accounts	(27)	-
	<u>(121)</u>	<u>(1,254)</u>
	<u>(121)</u>	<u>(1,254)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

21 Reserves (Continued)

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.

Included in the capital adjustment account is the depreciation charged to the statement of Comprehensive Income and Expenditure Statement, in relation to the right-of-use assets.

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. At the reporting date, the underlying defined benefit scheme is in a surplus position, however, the amount recognised in the statement of financial position is restricted by the asset ceiling. As a result, the balance on the pensions reserve reflects the difference between the accounting value of the pension scheme (after applying the asset ceiling) and the cumulative contributions made. The statutory arrangements are designed to ensure that funding will have been set aside to meet pension liabilities as they fall due.

	2026	2025
	£'000	£'000
Balance at 1 April	1,143	1,207
Remeasurements of the net defined benefit (liability)/asset	(647)	45
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	657	1,007
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,153)	(1,116)
	<u> </u>	<u> </u>
	-	1,143
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

21 Reserves (Continued)

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.

	2026	2025
	£'000	£'000
Balance 1 April	111	95
Settlement or cancellation of accrual made at the end of the preceding year	(111)	(95)
Amounts accrued at the end of the current year	94	111
	<hr/>	<hr/>
Balance 31 March	94	111
	<hr/> <hr/>	<hr/> <hr/>

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

(17)	16
------	----

22 Cash (absorbed by)/generated from operations

	2026	2025
	£'000	£'000
Net (Deficit)/Surplus for the year on provision of services	(1,670)	466
Adjustments for:		
Non cash movements on lease liabilities	7	(82)
Pension scheme non-cash movement	(496)	(109)
Increase/(decrease) in provisions	1	(220)
Movements in working capital:		
Decrease/(increase) in trade and other receivables	610	(633)
Increase in trade and other payables	1,271	1,948
	<hr/>	<hr/>
Cash (absorbed by)/generated from operations	(277)	1,370
	<hr/> <hr/>	<hr/> <hr/>

23 Members' allowances

The authority pays an allowance to the Independent Members of its Audit and Governance Committee.

	2026	2025
	£'000	£'000
Independent Audit & Governance Committee Members	3	4
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

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 was as follows:

2026	Salary	Employer Pension Contribution	Taxable Allowances	Professional Memberships	Redundancy Payments
Chief Executive (Head of Paid Service)					
<i>Martin Tugwell</i>	169,827	169,558	-	-	61,495
Chairman (pro-rata)					
<i>Patrick McLoughlin</i>	35,000	-	-	-	-
- <i>Chairman full-time equivalent</i>	131,250	-	-	-	-
- <i>Departed 31/10/25</i>					
Interim Co-Chairs					
<i>Louise Gittins</i>	-	-	-	-	-
- <i>Appointed 16/03/26</i>					
<i>David Skaith</i>	-	-	-	-	-
- <i>Appointed 16/03/26</i>					
Deputy Chief Executive	155,916	27,129	-	-	-
Strategy Director	110,741	19,269	-	-	-
Rail North Partnership Director	137,834	23,983	-	-	-
Chief Financial Officer (Section 151)	40,377	6,417	-	-	-
- <i>Departed 11/07/25</i>					
Chief Financial Officer (Section 151)	53,716	9,038	-	375	-
- <i>Appointed 11/07/25</i>					
Head of Legal Services (Monitoring Officer)	71,723	12,480	-	396	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

24 Officers' remuneration (Continued)

2025	Salary	Employer Pension Contribution	Taxable Allowances	Professional Memberships	Redundancy Payments
Chief Executive (Head of Paid Service)					
<i>Martin Tugwell</i>	164,561	28,634	-	-	-
Chairman (pro-rata)	-	-	-	-	-
Patrick McLoughlin	60,000	-	-	-	-
- <i>Chairman full-time equivalent</i>	225,000	-	-	-	-
Rail & Roads Director	25,182	4,382	-	-	-
- Departed 31/05/24	-	-	-	-	-
Strategy, Analysis and Communications Director	143,984	25,053	-	-	-
Rail North Partnership Director	133,560	23,239	-	-	-
Chief Financial Officer (Section 151)	133,560	23,127	-	460	-
Head of Legal Services (Monitoring Officer)	69,764	12,183	-	-	-
- <i>Departed 31/12/24</i>	-	-	-	-	-
Head of Legal Services (Monitoring Officer)	17,609	3,064	-	397	-
- <i>Joined 01/01/25</i>					

TfN is also required to disclose the number of officers whose remuneration is more than £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:

	2026 Number	2025 Number
£50,000 – £54,999	8	9
£55,000 – £59,999	8	8
£60,000 – £64,999	13	5
£65,000 – £69,999	6	11
£70,000 – £74,999	4	2
£75,000 – £79,999	2	3
£80,000 – £84,999	3	2
£85,000 - £89,999	3	8
£90,000 - £94,999	3	-
£95,000 - £99,999	-	2
£100,000 - £104,999	-	2
£105,000 - £109,999	4	-
£110,000 - £114,999	2	1
	56	53

Exit packages amounting to £1,067,544 (for all officers including the senior employees detailed above) that exited during the year (2025: £nil). These costs were charged to transition costs in the CIES.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

25 Related party transactions

TfN's Board is made up of elected members from its Constituent Authorities and representatives from Local Enterprise Partnerships (LEPs), or their successors, from all areas of the North, along with co-opted non-voting representatives from Highways England, Network Rail and HS2 Ltd and a representative of the Secretary of State for Transport acting as an observer.

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 2025/26 with bodies in which officers had a pecuniary interest and were able to exercise such an influence.

Funding

The UK Government exerts significant influence through legislation and grant funding. TfN is almost entirely funded from the DfT. The Secretary of State for Transport is represented on the TfN Board leading to common control. During the financial year, grants to a value of £13.46m (2025: £16.96m) were received from the Department, which combined with the balance of grants received in the prior year made £10.25m of grant available. Of this, £7.55m (2025: £14.16m) was recognised as income in the year, the remaining £2.70m (2025: £3.20m) 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 and amounted to £0.83m (2025: £0.29m) 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, services funded by Network Rail related to the Trans-Pennine Route Upgrade project, plus work carried out for Rotherham Metropolitan Borough Council. In 2025/26 income was recognised to the value of £0.29m (2025: £0.25m).

Expenditure

Over the course of the year TfN was party to several arrangements where partner bodies supplied goods or services to the organisation.

Manchester City Council (MCC) is the local authority and Transport for Greater Manchester (TfGM) is the regional transport executive within and controlled by Greater Manchester Combined Authority, a TfN Constituent Authority, the mayor of which is a TfN Board member. TfN's Manchester based office space is leased from MCC. In total, TfN incurred expenditure of £0.15m (2025: £0.26m) with MCC (including the IFRS16 liability of £0.07m) and minimal expenditure of £0.01m (2025: £0.05m surplus) with TfGM, the latter mainly relating to staff travel passes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

26 Capital Expenditure and Capital Financing

The application of MRP to IFRS 16 lease liabilities requires judgement where charges have not been made in prior periods. In the current year, the Authority has adopted a prospective approach by applying MRP over the remaining useful life of the asset rather than restating prior years. This results in an increased charge to the General Fund in the current and future periods relative to the depreciation profile.

The opening CFR includes £0.3m relating to IFRS 16 lease liabilities. MRP of £0.1m has been charged in the year on a straight-line basis over the remaining useful life of the asset. This reflects the TfNs policy to ensure the timely repayment of capital financing obligations.

TfN did not incur any capital expenditure in the year.

27 Events after the reporting date

The Statement of Accounts was authorised for issue by the S151/Finance Director on 30 June 2026. 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.

ANNUAL GOVERNANCE STATEMENT 2025/26
FOR THE YEAR ENDED 31 MARCH 2026

1. Executive Summary

- Transport for the North considers that its governance arrangements are fit for purpose and proportionate for the size of the organisation, including for the 2025/2026 financial year.
- During 2025/26, the TfN Board agreed to reset TfN's business to take account of changes in the external environment in which it operates including the devolution of powers and responsibilities to Elected Mayors, as well as changes to its current funding model
- Key governance work in the 2025/26 year has included constitutional amendments and simplified ways of working to improve efficiency and reduce costs. This includes General Purposes Committee recommendations presented to the TfN Board on 16 March 2026.
- TfN has also created new guidance and templates for board and committee reporting and updated our Procurement Policy to align with the Procurement Act 2023.

Signed

Signed

Chair of the Transport for the North Board
xx xxxx 2026

Chief Executive Officer
xx xxxx 2026

2. Introduction

This Annual Governance Statement (the Statement) demonstrates how Transport for the North ("TfN") has reviewed the effectiveness of its system of internal control and exercised its functions in compliance with the adopted Code of Corporate Governance. It is published in accordance with the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015.

We were established on 1 April 2018 by the Sub-National Transport Body (Transport for the North) Regulations 2018 ("the 2018 Regulations"). As a statutory Sub-National Transport Body, our core functions are to prepare a transport strategy for the area and to provide statutory advice to the Secretary of State regarding the exercise of transport functions in the area. We have other devolved powers as set out in the Regulations and we are funded in this work by the Department for Transport (DfT).

As an established pan-northern body, we give our constituent authorities a forum in which they work collectively to shape and deliver enabling transport infrastructure and services beyond their individual boundaries.

We are responsible for ensuring that the exercise of our functions is conducted in accordance with the law and that public money is safeguarded and used efficiently. We also have a duty under the Local Government Act 1999 to secure continuous improvement in the way in which our functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

In discharging this overall responsibility, we have put in place proper arrangements for the governance of our affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. These arrangements are proportionate to the size of the organisation to ensure value for money.

The governance framework described in this Statement was in place at TfN for the 2025/26 financial year and up to the date of approval of the Statement of Accounts.

During 2025/26, the TfN Board agreed to reset our business so that it reflects the role and powers of Elected Mayors, including those which will come with rail reform. This will in turn require a reset of our funding model. Any implications for our governance arrangements will take effect from 2026/27.

ANNUAL GOVERNANCE STATEMENT 2025/26
FOR THE YEAR ENDED 31 MARCH 2026

3. Our Governance Framework

The Purpose of the Governance Framework

We have 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, and the accompanying addendum published in May 2025. The Code of Corporate Governance is included in our Constitution and is on our website at: <http://www.transportfornorth.com>.

Our governance framework comprises the systems, processes, culture, and values, by which we are directed and controlled, and the processes through which we account to and engage with the community.

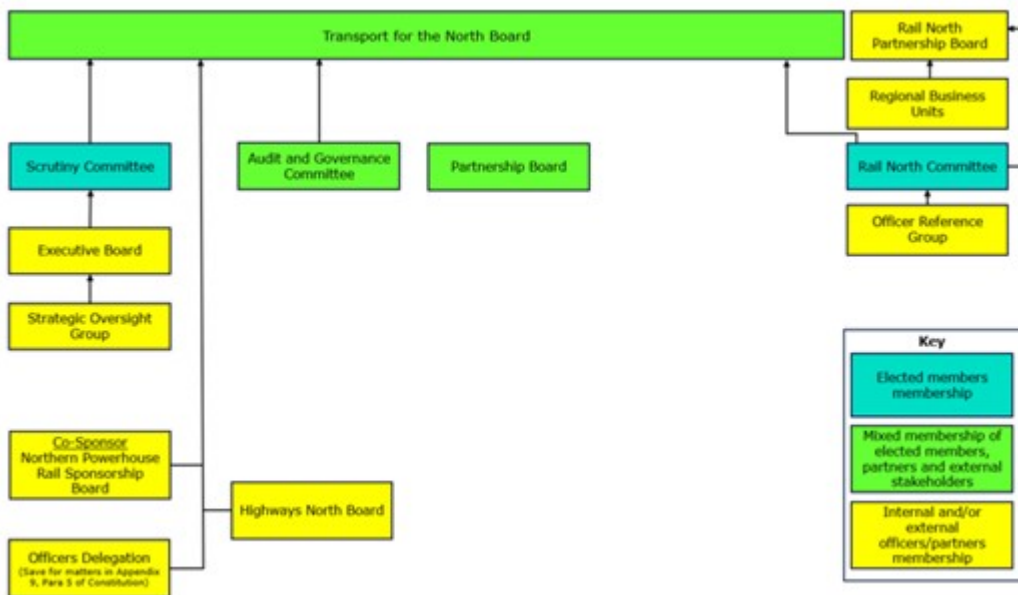
The system of internal control is a significant part of the governance framework and is designed to manage the risks to the achievement of our aims and objectives to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims, and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness.

We conduct our business for Board and Committee meetings in line with our constitutional and legislative requirements. In accordance with the Constitution, meetings are held in person. When appropriate or necessary, meetings are held virtually as consultation calls using the Chief Executive Officer’s delegated powers.

The effectiveness of key elements of the governance framework is assessed throughout the year by the Chief Executive Officer, directors, and statutory officers through meetings of the Operating Board Team (OBT), the Senior Management Team (SMT), internal audit, and the Audit and Governance Committee.

We have provided an overview of our governance structure below. Please see Appendix 1 for a detailed overview of all of our Boards and Committees.

TfN’s Governance Structure including partnership arrangements (Fig. 1)



ANNUAL GOVERNANCE STATEMENT 2025/26
FOR THE YEAR ENDED 31 MARCH 2026

Operational, Planning and Reporting Arrangements

We produce an annual monitoring report setting out our achievements against agreed targets. This is used to inform business planning priorities for the subsequent year.

A medium-term financial strategy is prepared and scrutinised by elected members to ensure it supports the ambition of the TfN Board.

A Business Plan that reflects member priorities supported by a fully funded budget is approved by the TfN Board, with input from the constituent authorities, Scrutiny Committee and Executive Board.

Annual accounts are produced within three months of the year-end and an audit opinion on these and on the value for money position is provided by external auditors.

A Quarterly Operating Report (QOR) is produced to ensure that elected members, partners and stakeholders are aware of progress in relation to agreed priorities for work (as set out in the annual Business Plan). The QOR is presented to the TfN Board as part of the regular update by the Chief Executive Officer. It is also presented to the Scrutiny Committee, Audit and Governance Committee and Executive Board.

The Executive Board, and other officer groups such as the Officer Reference Group and the Strategic Oversight Group are the means by which officers from the constituent authorities help formulate TfN's strategies, policies, and proposals at an early stage.

Ways of working between members and officers

Elected members and our officers work closely together with clear agendas at meetings of the Board and Committees. Agenda-setting arrangements are in place with regular meetings between elected members and TfN officers.

We seek to ensure that all elected members and officers have the necessary skills and training to fulfil their roles. New members receive an induction briefing pack upon appointment, and this is supplemented by specialised training courses where appropriate.

Our Corporate Induction guidance includes a thorough induction programme for all new officers, with additional information, guidance, and training for all new line managers.

Statutory Officers with the appropriate skills and resources have been appointed and ensure appropriate advice is given on necessary governance, legal, financial and procedural matters.

Relationships between our officers and elected members are clearly defined and there is a member/officer protocol which is contained in the Constitution.

There is a clearly defined planning cycle for future meetings and there is a forward plan in place. Officers attend all Committee and Board meetings to support the elected members and provide any advice needed.

Schemes of Delegation are in place to enable Committees, the Chief Executive Officer, Monitoring Officer, and Directors to work together effectively and make decisions in a transparent way.

The Chief Executive Officer and Deputy Chief Executive meet regularly with the Chair and Vice-Chairs of the Board to discuss future business and current activities.

The Deputy Chief Executive meets regularly with the Chair and Vice-Chair of the Rail North Committee to discuss future business and current activities.

The Chair of the Audit and Governance Committee attends the TfN Board on an annual basis and meets with the Chief Executive Officer twice yearly.

Statutory Officers

The Head of Paid Service has responsibility for ensuring the proper co-ordination of TfN's functions, including through the appointment of officers.

We have a Monitoring Officer who works with elected members and officers to ensure that we comply with our legal duties and all legal requirements. The Monitoring Officer has statutory reporting responsibilities in relation to any unlawful decisions or maladministration.

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.

ANNUAL GOVERNANCE STATEMENT 2025/26
FOR THE YEAR ENDED 31 MARCH 2026

The three Statutory Officers – Section 151 Officer, Monitoring Officer, and Head of Paid Service - have regular fortnightly meetings to discuss relevant and/or emerging matters.

The three Statutory Officers sign-off all reports for TfN Board and Committees.

Risk Management

We have a Head of Corporate Office and Risk who is responsible for implementing our risk management strategy. The Head of Corporate Office and Risk meets with service areas on a monthly and quarterly basis to review risks. 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 TfN Board.

TfN has implemented a three-line-of-defence assurance framework as part of the risk management strategy. This framework is embedded and applied across TfN.

Risk management reviews and updates are performed regularly across all business activities and subsequently reported to senior management internally, Audit and Governance Committee, and the TfN Board.

The Audit and Governance Committee is responsible for independently monitoring and assessing the adequacy and effectiveness of the risk management framework.

We have put in place a strong system of financial governance to manage and control our financial affairs to protect the organisation and mitigate the risk of fraud. The Section 151 Officer (S151)/Finance Director has overall responsibility for ensuring the effectiveness of internal controls. The S151/Finance Director reports regularly to the Audit and Governance Committee and TfN Board.

Elected members are required to make a declaration of pecuniary interests at the start of the municipal year. They are also required to declare any additional pecuniary interests relating to the business of the meeting at the start of all our Board and Committee meetings. Where such an interest is declared, they take no part in such business and leave the meeting. The minutes of all meetings record any declarations of interest made. We also have a register of members' interests available for inspection upon request.

Public Engagement

Our Board and Committee agendas and minutes are publicly available via the Modern.Gov section of our website.

Our Board and Committee meetings are open to the public. Meetings of the TfN Board and Rail North Committee are live-streamed to enable broader access to them.

The membership of the Partnership Board is broader to ensure that it is representative of wider interests, including those relating to the environment and the interests of the public.

Our officers meet with parliamentarians, members and officers of other authorities, representatives of the Welsh and Scottish devolved governments, representatives of business organisations and transport providers (including freight and logistics), and other stakeholders, including attending All Party Parliamentary Groups (APPG) meetings, roundtable events, and targeted engagements with partners across the North and the rest of the UK.

All in-person TfN meetings and consultation calls relating to Board and Committee meetings are either streamed live to the public and/or provided as recordings via our website.

4. Compliance with the Corporate Governance Framework in 2025/26

We have adopted a Code of Corporate Governance that incorporates Core Principles that align with CIPFA guidance. These are captured below and supported by evidence from 2025/26 that demonstrates compliance.

a. Focusing on the purpose of TfN and the outcomes for the community and creating and implementing a vision for the area.

Statutory Transport Plan (“STP”)

Our STP was approved and adopted by the TfN Board on 20 March 2024. The STP vision is:

By 2050 the North of England will have become a thriving, socially inclusive region. Our communities, businesses and places will all benefit from sustainable economic growth, improved health and wellbeing, and access to opportunities for all. This will be achieved through a transformed zero emission, integrated, safe and sustainable transport system which will enhance connectivity, resilience, and journey times for all users.

The plan sets out the strategic outcomes for the region and the role that investment in the North's transport system must play in delivering those outcomes.

ANNUAL GOVERNANCE STATEMENT 2025/26
FOR THE YEAR ENDED 31 MARCH 2026

Our focus in 2025/26 has been on developing our Northern Appraisal Playbook, with phase one of the work published in May 2025. This sets out how our constituent authorities could maximise the flexibilities within the existing Green Book in the preparation of business cases. Along with elected leaders from our constituent authorities, we met with officials from HM Treasury to show how the current appraisal framework makes it harder to secure investment in the North.

Managing Risks relating to funding

This year, the Department for Transport has informed us that we will have to move to an alternative funding model for 2027/28 and that 2026/27 will be a transition year. We are working with our constituent authorities, and DfT, to reset both the business model and funding model for TfN so that it is sustainable moving forward.

TfN Offer

In September 2023, the TfN Offer was launched to all local authorities and TfN's evidence base can be used to support local partners in developing their Local Transport Plans and business cases.

Since its launch in September 2023, to 13 February 2026, the TfN Offer has fulfilled over 330 requests in total. Through our ongoing monitoring and evaluation processes, we can estimate that TfN's partners will have realised savings of approximately £1.8m by making use of technical/analytical work through the TfN Offer.

Constituent Authority Membership Changes

Our governance arrangements are set out in our Constitution and have been kept under review to reflect changes in constituent authority membership in early 2025 and in early 2026.

Charging for Services Policy

We have introduced a Charging for Services Policy. This policy ensures that there is a consistent and transparent method for calculating the appropriate fees for the use of professional and/or analytical services that are provided by us to our constituent authorities.

b. Members and officers working together to achieve a common purpose with clearly defined functions and roles.

Our Democratic Services Officers have prepared new guidance and templates for the submission of reports to Boards and Committees to ensure consistency and best practice: we rolled these out in cycle 4 of the 2025/26 Municipal Year.

Our existing Independent Chair resigned in October 2025. The TfN Executive is currently reviewing requirements for a new Chair for the 2026/27 financial year. The Acting Chair is the Vice Chair of the TfN Board, Cllr Louise Gittins.

As part of continuously improving our Democratic Services function, we have implemented changes in the way we work and plan. We have strengthened the resources within the function. We have introduced a new internal governance workflow for report sign-offs, and this has replaced a system provided by an external provider. We are working more closely with the Democratic Services teams of our constituent authorities to strengthen the working relationship with our representatives. We have also introduced pre-planning meetings and checklists for meetings.

c. Promoting values for TfN and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

Anti-Fraud and Corruption

The Anti-Fraud and Corruption Policy has been reviewed as part of the Strategic Fraud Risk Assessment undertaken by internal audit. The review found that we have a well-established framework of policies, procedures and controls, supporting our anti-fraud measures, all of which are underpinned by robust governance oversight. To further develop our controls, TfN will implement findings such as the creation of an Anti-Money Laundering Policy and Fraud Response Plan, implement mandatory fraud awareness training and an annual declaration of interest form for officers. The Audit and Governance Committee will receive an update on the findings of the Strategic Fraud Risk Assessment, which will include implementation timelines.

We have a zero-tolerance approach to fraud and corruption and have adopted strong Anti-Fraud and Corruption and Whistleblowing Policies. The Whistleblowing Policy was reviewed in a previous Annual Governance Statement. No fraud or corruption has been uncovered in the past year and no complaints falling within the remit of the Whistleblowing Policy have been made or received.

The Interim Section 151 Officer has not made any reports in respect of unlawful expenditure and financially imprudent decision making, for which they have a duty to report.

ANNUAL GOVERNANCE STATEMENT 2025/26
FOR THE YEAR ENDED 31 MARCH 2026

The Monitoring Officer has statutory reporting responsibilities in relation to any unlawful decisions or maladministration and has not made any reports this year in relation to this.

Compliance with Codes of Conduct

Our members who are elected to either a combined or local authority are expected to adhere to the adopted Code of Conduct of their local authority while performing their duties in respect of TfN. Other co-opted members are expected to adhere to the Cabinet Office's Code of Conduct for Board Members of Public Bodies.

There have been no complaints received about any members or co-opted members.

We have 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. No breaches of code or protocol have been reported this year.

Gifts and Hospitality Policy

A register of Gifts and Hospitality is maintained by the Monitoring Officer. Guidance in relation to gifts and hospitality is included in the induction for new employees and ad hoc advice is available and provided, as necessary.

We have initiated a review of our Gifts and Hospitality Policy this year, which may extend into the 2026/27 financial year.

Diversity Action Group

We are committed to promoting diversity and inclusion across all areas of our business, which includes people leading the organisation and people working in it. A Diversity Action group, comprising officer representatives who report into Senior Management Team (SMT), which in turn reports to Operating Board Team (OBT), is in place to help promote understanding across the organisation and legal compliance.

The Group has a new membership for 2025/26 and has met to discuss the promotion of diversity and inclusion across the organisation.

d. Making informed and transparent decisions which are subject to effective scrutiny and managing risks

Risk Management

Our Risk Management Strategy was reviewed by SMT and endorsed by OBT in November 2025. The Strategy is embedded throughout TfN and no changes have been made during this review cycle. Each report presented to members includes advice on legal, financial and other risks.

A risk deep dive process has been implemented at Audit and Governance Committee meetings since November 2022.

The following deep dives have been undertaken for 2025/2026:

- Corporate risk 303 – compliance with law or exceedance of power
- Corporate Risk 310 - the North's role in the rail industry

Any risks relevant to matters under consideration are outlined in reports to the TfN Board and Committees.

Internal Audit

In 2025/2026, Internal Audit undertook an independent review/assurance in the following areas:

- Information Governance Framework
- Strategic Fraud Risk Assessment

ANNUAL GOVERNANCE STATEMENT 2025/26
FOR THE YEAR ENDED 31 MARCH 2026

Constitutional Amendments and Simplified Ways of Working

At the General Purposes Committee meeting on 4 February 2026, the Committee resolved to recommend the following to the TfN Board:

- The quorum arrangements for the TfN Board be revised to reflect the reduction in constituent authorities arising from the creation of additional Combined Authorities, with a quorum set at six constituent authorities holding more than 50% of the weighted vote for standard business.
- That each constituent authority shall appoint one member to the Audit and Governance Committee, and that the quorum for the Committee shall be three elected members and one independent member.
- The General Purposes Committee be dissolved, with its responsibilities reverting to the TfN Board, supported by an Appointments Panel where matters in relation to statutory officers arise.
- The direct award threshold within the Contract Procedure Rules be increased from £1,000 to £5,000, noting the associated governance safeguards relating to procurement advice and value-for-money justification.
- The Constitution be amended to enable the TfN Board, for the 2026/2027 year, to appoint either a single Chair, Co-Chairs, or to adopt a rotating chairing arrangement from the elected membership.
- The simplified ways of working for 2026/2027 in respect of the TfN Board and its committees be noted with regard to changes to frequency of the TfN Board Meetings, Scrutiny Committee and Audit and Governance Committee.

Update to Procurement Policy

We have adopted rigorous procurement approval procedures which ensure that all procurements comply with our Contract Procurement Rules. The Standing Orders, Financial Rules and Contract Procurement Rules are contained in the Constitution which is a requirement of local government legislation.

In the 2025/26 year, we have updated our Procurement Policy to reflect the new Procurement Act 2023, which came into force in 2025.

e. Developing the capacity and capability of members and officers to be effective

Audit and Governance Committee

Audit and Governance Committee members undertook a review of self-assessment of good practice survey in line with CIPFA best practice. The self-assessment is in its second year. This survey is now undertaken on an annual basis and was conducted between March and April 2025.

The results of the 2024/2025 survey showed a medium to high level of effectiveness with a number of improvements being highlighted. These improvements are being addressed and include improvements to Committee attendance, our Anti-Fraud Strategy and developments to member training in the 2025/26 year.

Project Management Framework

We continue to embed new arrangements for project management into our way of working. Guidance, templates, and procedures ensure consistency of approach across the organisation, that is proportionate for our size and nature of work. It is compulsory to apply this framework in setting up new projects/workstreams. An internal audit review was carried out in 2025 and has provided substantial assurance.

Project Management e-learning training was rolled out to all staff at the end of November 2025.

Management System Implementation and Maintenance

Our Management System is fully documented, implemented and maintained covering policies, procedures, processes and guidance across all of our functions. The following components make up our Management System: Openness and transparency, Boards & Committees, Legal and Regulations, Human Resources, Skills & Facilities, Health and Safety, Information Technology, Finance, Procurement & Risk, Information Governance, Monitoring and Reporting. The management system allows us to identify areas for continuous improvement and clarify responsibilities and accountabilities within the Executive to enable more effective and efficient management of operations.

ANNUAL GOVERNANCE STATEMENT 2025/26
FOR THE YEAR ENDED 31 MARCH 2026

Information Governance Framework

Building on work over the last year to update and refine our information policies, we have established an Information Governance Framework to bring all relevant policies, processes, and systems together. This has identified areas for further strengthening and clarification of accountabilities and responsibilities, for which we have an agreed action plan in place to address. We continue to work on updating relevant policies which fall under this Framework.

Use of Artificial Intelligence (AI)

We have introduced an Artificial Intelligence Policy this year to guide our officers in the use of AI in our work. This allows us to benefit from the application of AI whilst also having strong safeguards in place.

Engaging with local people and other stakeholders to ensure robust public accountability

We use our citizens' panel called "Northern Transport Voices" as a means of ensuring that our work is informed by the widest possible views from our communities.

Membership of the panel has been expanded to nearly 2,000 members and it has been used to support our evidence base and implementation of our key work streams.

The results of our Northern Transport Voices research are published on our website.

f. Having regard to the promotion of sustainable economic growth, and the social and environmental impacts of its proposals.

At the heart of our STP are three strategic ambitions that set out how the vision for the North is manifested in terms of economic, environmental, and social outcomes. This is based on evidence provided from our programme of technical research and other reputable sources.

This includes cutting-edge elements of our Analytical Framework, ensuring the forecast economic and social impacts of the Northern Powerhouse Rail (NPR) network selected by the Department for Transport for examination are clearly and strongly articulated.

In January 2023, we received an allocation of additional Department for Transport funding (for 2023/24 and 24/25) to use our capability to build a Common Analytical Framework (CAF) and to develop and publish a national online data tool, evidencing requirements for Electric Vehicle Charging infrastructure (EVCI).

In 2025/26, we received further additional funding to support the development of capacity and capability to member Local Transport Authorities (LTAs) and wider Sub-national Transport Body (STB) community. We have established a Common Analytical Framework (CAF) and developed and published a national online data tool, evidencing requirements for Electric Vehicle Charging infrastructure (EVCI).

In addition to this, we have developed tools and dashboards including the Electric Vehicle Charging Infrastructure (EVCI) tool and the Transport Related Social Exclusion (TRSE) dashboard, which are available through the TfN Offer.

This year, we have also further developed our work to implement the use of Equality Impact Assessments and new officers are introduced to Equality Impact Assessments as part of the induction process.

g. Having regard for the impact of current decisions and actions on future generations

Consultation with our constituent authorities together with outcome-based appraisal and assessment, using our research and evidence base and Analytical Framework, is undertaken during the development of policies, the preparation of responses to consultations and in the drafting of advice to government, to consider all views and the potential future consequences of current decisions.

We utilise our Northern Transport Voices citizens' panel to ensure that the views of a diverse group of Northern residents are considered, including the young, when building our evidence and developing our policies.

We have also sponsored dissertation projects for two master's students this year via the Consumer Data Research Centre, which included opportunities for the students to present to our relevant teams and externally at Oxford University.

ANNUAL GOVERNANCE STATEMENT 2025/26
FOR THE YEAR ENDED 31 MARCH 2026

5. Governance Improvement Plan for 2026/2027

No significant gaps in governance or governance failures have been identified in the course of this year's evaluation. We are committed to continually strengthening and improving our governance arrangements and, during 2026/2027, will particularly focus on the following key activities some of which may extend into 2027/2028.

Area	Action to be taken
Constitutional Review	As part of the TfN reset, we intend to review our Constitution to ensure it is fit for purpose. Changes to the Constitution as part of the reset will require TfN Board member approval.
Encouraging attendance of elected members at Audit and Governance Committee	We have engaged with constituent authorities to further encourage Committee members to make time for meetings. Continuing the work, we are undertaking to recruit new members and substitute members. We are seeking to amend our Constitution so that all our constituent authorities are required to nominate a member and substitute a member.
Gifts and Hospitality Policy	We will finalise the update to our Gifts and Hospitality Policy and communicate these updates to our officers.
Strategic Fraud Risk Assessment	Implement learnings and recommendations from the Strategic Fraud Risk Assessment.
Information Governance Framework	Implement Actions from internal audit on the Information Governance Framework
Review of Board and Committee Templates	We rolled-out the new templates in cycle 4 of the 25 /26 Municipal Year.

6. Annual Review of the Effectiveness of the Governance Framework

We consider that our governance framework is operating effectively and supports us in fulfilling both our functions and obligations in regard to value for money/best value.

We are committed to continual improvement, including in relation to our governance, and will endeavour to complete the actions in Section 5 above.

As described in Section 5 above, we consider that our governance arrangements in relation to our Core Principles are operating effectively.

Internal Audit Annual Opinion 2025/26

The role of the Internal Auditor is to provide an independent assessment of the system of internal control. They undertake a cyclical review of the main financial and operational systems on a rolling three-year Audit Plan which is based on an analysis of where there is most risk.

As part of their independent assessment they consider whether our arrangements are aligned with the planned outcomes and responsibilities to deliver value for money/best value.

There were three internal audits which have been undertaken in 2025/2026. Two have been given substantial assurance and one has been given reasonable assurance.

External Audit

Before final approval and publication, the AGS will be reviewed by the authority's external auditor in accordance with the Code of Audit Practice issued by the appropriate national audit body. The auditor will consider if the AGS has been prepared in accordance with the Governance Framework and is consistent with the auditor's knowledge of the authority.

ANNUAL GOVERNANCE STATEMENT 2025/26
FOR THE YEAR ENDED 31 MARCH 2026

Appendix 1: Overview of TfN's Boards and Committees

Our Board and Committees have met on a regular basis over the municipal year for 2025/26. Scheduled meetings are planned in advance of the municipal year in which they are held. During the course of 2025/26, a number of meetings were cancelled or postponed, to allow for work associated with the Reset.

Transport for the North Board ("TfN Board")

The TfN Board is made up of representatives of 11 constituent authorities in the North who are the voting members of the Board. Voting is weighted in relation to the population of the Authority. There are also 4 representatives from the Rail North Authorities, who are co-opted members of the Board and are entitled to vote on matters relating to rail services.

The Independent Chair is a non-voting co-opted member. The Board has invited the Combined Authorities to nominate a business representative to sit as a co-opted member of the Board. Representatives of National Highways, Network Rail and HS2 are also co-opted members of the Board.

Our governance arrangements are set out in the Constitution and have been kept under review throughout the year to reflect changes in constituent authority membership. Changes to the Constitution (except for minor amendments and legislative changes which can be made under officer delegated authority), approval of the Budget and Business Plan and adoption of the Strategic Transport Plan ("STP") are reserved to the Board. Other decisions are delegated to the Committees, the Chief Executive, and other senior officers.

Rail North Committee

The Rail North Committee has 15 members, comprising representatives from each of the 11 constituent authorities and each of the 4 former Rail North Authorities.

It considers and advises the TfN Board on all matters relating to rail service contracts in the North. There has been a devolution of rail responsibilities in the North of England and through these arrangements we (and our constituent authorities) oversee the specification and management of the Northern and TransPennine Express rail contracts (including delivery performance).

These arrangements are set out in the Rail North Partnership Agreement ("the Partnership Agreement") and the parties to this agreement are us and the Secretary of State for Transport. The arrangements under the Partnership Agreement have continued subsequent to the Northern and TransPennine Express contracts (separately) being taken over by the Operator of Last Resort now known as DfT Operator.

The Constitution sets out the voting rights in relation to rail related matters for constituent authorities and the Rail North authorities. Voting is weighted in relation to the number of passenger miles on the Northern and Transpennine franchises in the area of the Authority.

Scrutiny Committee

The Scrutiny Committee is made up of elected members appointed by the constituent authorities whose role is to scrutinise proposals prior to consideration ('scrutiny first') by the TfN Board and to make recommendations in relation to transport in the area.

Audit and Governance Committee

The Audit and Governance Committee consists of six elected members drawn from the 11 constituent authorities and four Independent members, the latter of whom have been recruited through an open public recruitment process based on relevant skills and appointed by the TfN Board on the basis of a recommendation made by the General Purposes Committee.

The Committee's role is to provide assurance to the Board on governance, risk management and the internal control framework and the Chair of the Committee makes an annual report to the TfN Board. It also oversees financial and audit matters.

Internal and External audit attend all Audit and Governance Committee meetings.

The Committee monitors and formally reviews the work of the internal audit function.

The Committee reviews the Annual Governance Statement which forms part of the statutory annual accounts which are subject to external audit. The Committee reviews and recommends this statement to the Transport for the North via the Chair of the Audit and Governance's report to the TfN Board for consideration and approval.

ANNUAL GOVERNANCE STATEMENT 2025/26
FOR THE YEAR ENDED 31 MARCH 2026

General Purposes Committee

The General Purposes Committee comprises one member from each of the 11 constituent authorities, and a single representative from those business representatives who form part of TfN's Board. Its role is to determine matters which are not specifically reserved to the Board or delegated to any other Committee or officer. It sets and reviews the annual objectives for the Chair of the TfN Board and the Chief Executive Officer.

The General Purposes Committee can form a sub-committee to deal with the selection of a preferred candidate for recommendation to the TfN Board for the role of any Statutory Officer, or Chair of the TfN Partnership Board/TfN Board.

At its meeting on 4 February 2026 the Committee agreed to recommend to the TfN Board that it be disbanded and its responsibilities revert to the Board.

Partnership Board

Membership includes members of the TfN Board, together with representatives from Disability UK, the Committee on Climate Change, Transport Focus, the Northern Chambers of Commerce, the Directors of Public Health, three regional TUC representatives and a Department for Transport observer.

The Partnership Board's purpose is to contribute to TfN's effective exercise of its powers, and the development and delivery of its strategy and programmes through transparency and inclusivity.

The Partnership Board has an Independent Chair who is also the Independent Chair of the TfN Board.

Rail North Partnership Agreement

The Rail North Partnership Agreement is the contractual arrangement between us and the Department for Transport in relation to the Northern and TransPennine contracts. The Agreement is the basis on which the two parties work to specify, implement, and monitor the two contracts.

The Rail North Partnership Board, which consists of senior officials from the Department for Transport and TfN (including constituent authority representatives as agreed by the Rail North Committee) oversees the implementation of the Agreement.

The Rail North Partnership executive team is hosted by TfN and services the Rail North Partnership Board, with governance arrangements for the team set out in the Partnership Agreement.

Regional Business Units

Under the terms of the Rail North Agreement, there is the ability to establish a number of Regional Business Units. Two or more constituent authorities may together form a Regional Business Unit in relation to the geographical area covered by the constituent authorities.

Two Regional Business Units have been established, namely the North-East Regional Management Unit and the North-West Regional Business Unit. Their terms of reference are set out in the TfN Constitution.

Executive Board

The Executive Board comprises senior officers from the constituent authorities. It is chaired by a representative from the constituent authorities and supported by our executive. It promotes dialogue on key issues across our portfolio, including finance, risk, and business planning, as well as advising on proposals being developed for consideration by the TfN Board.

The terms of reference are set out in the Constitution.

Strategic Oversight Group

The group provides strategic oversight and guidance on TfN's activities that support the delivery of TfN's STP and its supporting evidence and strategies. The group receives input from various delivery groups, and challenge to ensure there is a joined-up approach to delivery. The group ensures that constituent authorities are engaged, consulted, and informed throughout the development of these work streams.

Officer Reference Group

This group has met bi-monthly since July 2025 (and monthly prior to this) and there is officer representation from constituent authorities and Rail North authorities. This group advises our executive in relation to matters considered by the Rail North Committee.

ANNUAL GOVERNANCE STATEMENT 2025/26
FOR THE YEAR ENDED 31 MARCH 2026

Highways North Board

We have a wide range of interests in the work being brought forward by National Highways, across the TfN area. We engage regularly with National Highways and our constituent authorities on key strategic matters in the absence of the Highways North Board meeting.

Membership of the Highways North Board comprises our officer representatives, Department for Transport and National Highways. The future of the Board is being considered as part of the TfN reset.

Northern Powerhouse Rail Sponsor Board

Northern Powerhouse Rail (NPR) is a long-term programme of investment to improve rail connectivity between the North's cities and towns through a combination of new routes and significant upgrades to existing rail routes.

DfT is the client for NPR, and TfN is co-sponsor (with DfT) for the programme under arrangements approved by the TfN Board and the Rail Minister.

The Northern Powerhouse Rail Sponsor Board ("Sponsor Board") meets quarterly and is comprised of three named representatives from both TfN and Department for Transport, supported by Network Rail and HS2 Limited with other supporting attendees. It is accountable for ensuring that the work is governed effectively and delivers the objectives that have been identified.

GLOSSARY

FOR THE YEAR ENDED 31 MARCH 2026

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.

GLOSSARY

FOR THE YEAR ENDED 31 MARCH 2026

CIPFA

The Chartered Institute of Public Finance and Accountancy.

CIPFA CODE

CIPFA Code of practice on Local Authority accounting in the United Kingdom – ‘the Code’.

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.

GLOSSARY

FOR THE YEAR ENDED 31 MARCH 2026

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.

GLOSSARY

FOR THE YEAR ENDED 31 MARCH 2026

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.

MINIMUM REVENUE PROVISION (MRP)

The statutory charge required to be made to the General Fund for the repayment of capital expenditure financed by borrowing. MRP is intended to ensure that the cost of capital assets is funded over time and is calculated on a prudent basis in accordance with the Capital Financing Regulations and statutory guidance.

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.

GLOSSARY

FOR THE YEAR ENDED 31 MARCH 2026

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 the CIPFA Code which draws on International Accounting Standard (IAS) 24, Related Party Disclosures. 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.

RIGHT OF USE (ROU) ASSET

A Right Of Use asset represents a lessee's right to use an underlying leased asset for the lease term eg a property lease. Under IFRS16 these are now recognised on the Balance Sheet.

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 TRANSPORT FOR THE NORTH

Opinion