

## Annual Governance Statement 2018/19

### Introduction

This statement provides an overview of how Transport for the North's governance arrangements operate and reports on how they have been reviewed to ensure that they provide an effective system of internal control. A summary of the governance challenges that the organisation faces is also given together with an explanation of what actions will be taken to bring about improvements.

Transport for the North was established by the Sub-National Transport Bodies (Transport for the North) Regulations 2018 and came into being on the 1<sup>st</sup> April 2018, holding its inaugural meeting on 5th April 2018. This is therefore its first Annual Governance Statement and the organisation's Constitution, policies, procedures and systems were all in their first year of operation during 2018/19. As a Sub-National Transport Body, Transport for the North's core functions are to prepare a transport strategy for the area and to provide advice to the Secretary of State about the exercise of transport functions in the area. Transport for the North is fully funded in these activities by the Department of Transport.

The Transport for the North Board is made up of the representatives of the twenty Constituent Authorities in the North who are the voting Members of the Board, together with representatives of the six Rail North Authorities who are co-opted Members on the Board. At its inaugural meeting the Transport for the North Board also appointed, as co-opted members, the representatives of the eleven Local Enterprise Partnerships in the Transport for the North Area and representatives of Highways England, Network Rail and HS2.

Transport for the North's governance arrangements are set out in its Constitution. All decisions relating to the Constitution, approval of the Budget and Business Plan and adoption of the Strategic Transport Plan are reserved to the Transport for the North Board. Other decisions are delegated to Committees and the Chief Executive under the arrangements set out in the Constitution. The Rail North Committee oversees the management of the performance of the Northern and TransPennine Express rail franchises under a Partnership Agreement with the Secretary of State for Transport.

### Transport for the North Board

Partnership Board

Scrutiny Committee

Rail North Committee

Audit and Governance Committee

### 1.0 Scope of Responsibility

1.1 Transport for the North is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. Transport for the North also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2 In discharging this overall responsibility, Transport for the North is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

1.3 Transport for the North has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the Code of Governance is included in Transport for the North's Constitution and is on Transport for the North's website at <http://www.transportfornorth.com> Alternatively it can be obtained via a written request from the Head of Legal, Transport for the North, 4, Piccadilly Place Manchester M1 3BN. This Annual Governance Statement demonstrates how Transport for the North has reviewed the effectiveness of its internal systems of control and how it has complied with its adopted Code of Governance in carrying out its functions. It is published in accordance with the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015.

## **2.0 Delivering Good Governance in Local Government**

2.1 The governance framework comprises the systems, processes, culture and values, by which Transport for the North is directed and controlled and the processes through which it accounts to and engages with the community. It enables Transport for the North to monitor the achievement of its strategic objectives and to consider whether those objectives will lead to the delivery of its goal of transformational economic growth in the North of England facilitated by improved transport infrastructure.

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

2.3 The system of internal control consists of a number of processes, policies and procedures that have been put in place in order to identify and prioritise the risks to the achievement of Transport for the North's aims and objectives, to evaluate the likelihood and resultant impact of those risks materialising and to manage them efficiently, effectively and economically.

2.4 The governance framework has been in place at Transport for the North from the 5<sup>th</sup> April 2018 until 31<sup>st</sup> March 2019 and up to the date of approval of the Statement of Accounts.

## **3.0 The Corporate Governance Framework**

TfN has adopted a Corporate Governance Framework that incorporates the following Core Principles:

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1. Focusing on the purpose of TfN and the outcomes for the community and creating and implementing a vision for the area;
2. Members and officers working together to achieve a common purpose with clearly defined functions and roles;
3. Promoting values for TfN and demonstrating the value of good governance through upholding high standards of conduct and behaviour;
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
5. Developing the capacity and capability of members and officers to be effective;
6. Engaging with local people and stakeholders to ensure robust public accountability;
7. Section 102I of the Local Transport Act 2008 imposes a requirement on Transport for the North, in the preparation of its Strategic Transport Plan to have regard to the promotion of

economic growth and the social and environmental impacts of the implementation of its proposals. This includes having regard for the impact of decisions on future generations.

The table below sets out examples of how Transport for the North has met the principles set out in the CIPFA Framework and also adhered to its governance commitments set out in the Code of Governance and includes hyperlinks to sources of further information.

<b>A Behaving with integrity, demonstrating strong commitment to ethical values and respect for the rule of law</b>	
<b>Core Principle</b> <b>Promoting values for TfN and demonstrating the value of good governance through upholding high standards of conduct and behaviour.</b>	
<i>How we met the principle</i>	<i>Evidence</i>
Those Members of Transport for the North who are elected Members of a Local Authority are expected to adhere to the adopted Code of Conduct of their Local Authority while carrying out their duties in respect of Transport for the North. Other co-opted Members are expected to adhere to the Cabinet Office's Code of Conduct for Board Members of Public Bodies.	Constitution
Transport for the North has adopted a Code of Conduct for Officers and a Protocol on Member /Officer Relations to which all officers are expected to adhere. Serious breaches of these Codes by officers would be investigated under the organisation's disciplinary code.	Code of Conduct for Officers Member/Officer Relations Protocol
Transport for the North's induction process for new recruits outlines the behaviours that are expected from officers.	
Transport for the North has a zero-tolerance approach to fraud and corruption and has adopted strong Anti-Fraud & Corruption and Whistleblowing Policies.	Anti-Fraud and Corruption Policy Whistleblowing Policy
Members are required to make a declaration of their disclosable pecuniary interests and also to declare any disclosable pecuniary interests in the business of the meeting at the start of all meetings of the Transport for the North Board or its Committees, and to take no part in such business but to leave the meeting.	Constitution
Employees are required to notify their Executive Director or the Monitoring Officer about any potential conflict of interests. The SRR Form which must be signed off at the start of any procurement process specifically requires officers to state that they have no conflict of interest in the procurement.	Contract Procurement Rules
Transport for the North has adopted a Code of Practice in relation to Gifts and Hospitality. A register of Gifts and Hospitality is maintained by the Monitoring Officer, in which officers are required to declare any gifts or hospitality of more than nominal	Code of Practice on Gifts and Hospitality Register of Gifts and Hospitality

value which they have been offered, whether or not it has been accepted. An annual reminder is issued to all Employees.	
Transport for the North has appointed a Monitoring Officer who works with Members and Officers to ensure that Transport for the North complies with its legal duties and all legal requirements. The legal implications of any report are considered and, where appropriate, legal advice is given in reports for decisions to be taken by Members. Legal advice is available to Members at all meetings of the Transport for the North Board and its Committees.	Constitution  Board Reports
The Monitoring Officer has statutory reporting responsibilities in relation to any unlawful decisions or maladministration.	Constitution
The Finance Director has statutory reporting duties in respect of unlawful expenditure and financially imprudent decision making.	

## **B Ensuring openness and comprehensive stakeholder engagement**

### **Core Principle**

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

<i>How we met the principle</i>	<i>Evidence</i>
<p>Transport for the North's website is set out in a clear and accessible way, providing clear access to reports and minutes from Board meetings, along with updates on our core programmes and links to relevant documents. Transport for the North is also very active on social media, which regularly tweets links to the website where more information can be found</p> <p>All meetings of the Transport for the North Board and its formal Committees are held in public, unless information which is either confidential under section 100A or exempt under Part 1 of Schedule 12A of the Local Government Act 1972 is to be disclosed. Copies of all minutes and agendas of the Board and formal Committees are available on Transport for the North's website. All reports contain details of options considered and the advice provided by officers regarding legal and financial implications. The minutes include the reasons behind the decisions made. Transport for the North has a Freedom of Information Publication Scheme in place and seeks to publish information openly on its website wherever possible and practicable to do so.</p> <p>Under its Regulations, Transport for the North is required to establish a Partnership Board to advise it on all matters relating to transport to, from and within its area. The Partnership Board is a forum in which the elected Members of Transport for the North engage and consult with the</p>	<p>Transportforthenorth.com website</p> <p>Board and Committee Agenda and Minutes</p> <p>TfN Regulations Constitution</p>

<p>business leaders of the area through representatives of the eleven northern Local Enterprise Partnerships and with the national transport delivery agencies Network Rail Highways England and HS2.</p> <p>Transport for the North carries out extensive stakeholder engagement through its Engagement team and the wider organisation which meets regularly with Parliamentarians, Members and officers of other Authorities and representatives of the Welsh and Scottish devolved governments as well as representatives of business organisations and other stakeholders, such as community groups. The types of events vary from attending APPG meetings in parliament, to roundtable events, and speaking engagements across the North and the rest of the UK. This has been done before, during and after the consultation on the Strategic Transport Plan.</p> <p>As part of the preparation of its Strategic Plan, Transport for the North carried out an extensive public consultation exercise over a 13-week period. This process included a questionnaire on its website and holding 33 public meetings at venues around the area. In total 563 responses were received as a result of the consultation exercise. The responses to the consultation exercise were taken into account and influenced the drafting of the Final Plan before its adoption.</p> <p>Following the adoption of the Strategic Transport Plan there was a public launch of the Plan in Sheffield and 12 public events were held across the North attended by over 1,000 stakeholders and members of the public.</p> <p>Transport for the North is committed to full public engagement. Extensive public consultation will be carried out in relation to all TfN's other programmes when those programmes have been developed to an appropriate stage. In the meantime, Transport for the North will continue with its broader engagement to raise its public profile and awareness of TfN programmes.</p>	<p>Memoranda of Understanding signed with the Welsh Government and Midlands Connect</p> <p>Ipsos Mori Consultation Report</p> <p>STP Launch programme of events</p>
<b>C Defining outcomes in terms of sustainable economic, social and environmental benefits</b>	
<p><b>Core Principle</b>  <b>Having regard to the promotion of sustainable economic growth, and the social and environmental impacts of its proposals and having regard for the impact of current decisions and actions on future generations.</b></p>	
<i>How we met the principle</i>	<i>Evidence</i>

<p>The creation of sustainable economic growth is a key driver behind the Strategic Transport Plan.</p> <p>In developing the Strategic Transport Plan, we undertook a thorough evaluation of the environmental and sustainability impacts of the proposals contained in the Plan.</p> <p>Proportionate environmental and sustainability assessments will be undertaken in relation to all proposals for infrastructure developments as part of the development of options and will be taken into account in any appraisal of options.</p> <p>All reports presented the Transport for the North Board and its formal Committees contain an assessment of the implications of the report in terms of sustainability, environmental impact and equality impacts.</p> <p>The Strategic Plan and Investment Programme set out transport interventions which will benefit future generations beyond 2050</p>	<p>Northern Powerhouse Independent Economic Review</p> <p>STP Evidence base Integrated Sustainability Appraisal</p> <p>Board Reports</p> <p>Strategic Transport Plan Investment Programme</p>
<p><b>D Determining the interventions necessary to optimise the achievement of the intended outcomes</b></p>	
<p><b>Core Principle</b>  <b>Focusing on the purpose of TfN and the outcomes for the community and creating and implementing a vision for the area.</b></p>	
<p><i>How we met the principle</i></p>	<p><i>Evidence</i></p>
<p>The Strategic Transport Plan for the area is based on a robust evidence base and sets out our vision for transformational change in relation to transport infrastructure in the North.</p> <p>The Investment Programme sets out an ambitious programme of infrastructure projects to be delivered over the period 2019 to 2050 that will implement Transport for the North's Strategic Transport Plan. Proposals have been developed in collaboration with local partners and represent the best options for securing transformational change.</p>	<p>Strategic Transport Plan Evidence Base</p> <p>Investment Programme</p>
<p><b>E Developing the organisation's capacity including the capacity of its leaders and the individuals within it</b></p>	
<p><b>Core Principle</b>  <b>Developing the capacity and capability of members and officers to be effective</b></p>	
<p><i>How we met the principle</i></p>	<p><i>Evidence</i></p>
<p>Transport for the North has adopted officer development programmes with a thorough initial Corporate induction programme for all new officers and line managers. Annual staff appraisals and half yearly reviews enable the management team to review both capacity and capability within their teams and at</p>	<p>Staff Appraisal Guide</p>

<p>an individual level identify any training and development needs. Key Performance objectives are captured in the online appraisal tool 'PERFORM' and training is delivered via the core curriculum of training.</p> <p>Role specific training needs are met through work-based learning and investment in software to drive effective outputs. Further career development is supported via the procurement of appropriate interventions to best meet individual and organisation needs</p> <p>Where appropriate the organisation funds specialist training courses for officers and supports continuous professional development. Senior managers have undertaken leadership training.</p> <p>Transport for the North has incorporated Apprentices in to the workforce plan at key points of entry. This is underpinned by strong relationships with Training Providers and internal support via Mentors and Line Managers. Mentors are provided with full Training.</p> <p>As Transport for the North introduces new policies and procedures, training sessions are held to make officers aware of these new policies and procedures and information on all policies and procedures is available on the Intranet. and Learning Management system via e-learning modules.</p> <p>TfN has invested in an e-learning and development tool and all officers are encouraged to take advantage of this</p> <p>The Scrutiny Committee Members have received advice on effective scrutiny from an external consultant and further training and development is planned for later in 2019</p>	<p>Learning and Development Policy</p>
<p><b>F Managing risks and performance through robust internal control and strong public financial management</b></p>	
<p><b>Core Principle</b>  <b>Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</b></p>	
<p><i>How we met the principle</i></p>	<p><i>Evidence</i></p>
<p>Transport for the North has adopted robust procedures for identifying, analysing and managing risk.</p> <p>It has appointed an Audit and Governance Committee which is responsible for independently monitoring and assessing the adequacy and effectiveness of the risk management framework with particular focus on:</p>	<p>Risk Management Strategy</p> <p>Constitution Governance Framework</p>

<ul style="list-style-type: none"> <li>(i) the risk management strategy for managing key risks;</li> <li>(ii) risk ownership, accountability and the development of mitigating actions;</li> <li>(iii) the alignment of internal audit and other assurance planning through a risk-based approach to auditing; and</li> <li>(iv) receiving reports from management on the adequacy and effectiveness of the internal control and risk management framework.</li> </ul> <p>Transport for the North has appointed a Risk Manager who is responsible for reporting on risk to the Finance Director and to the Audit and Governance Committee. The organisation has adopted a robust process for identifying, assessing and mitigating risks and the Risk Manager reports regularly on all high rated risks to the Operations Board of Directors to the Executive Board and to the Audit and Governance Committee. The Finance Director reports regularly on all high rated risks to the Transport for the North Board.</p> <p>Project management systems are in place for all programmes and programme Directors report regularly on performance to Programme Boards and to the Transport for the North Board</p> <p>Transport for the North has put in place a strong system of financial governance to manage and control its financial affairs. It has appointed a Finance Director who has overall responsibility for ensuring the effectiveness of internal controls. The Finance Director is supported by the Finance Controller who has day to day responsibility for ensuring that the adopted processes and procedures are adhered to. Transport for the North has adopted rigorous procurement approval procedures which ensure that all procurements comply with its contract procurement rules.</p>	<p>Reports to Audit and Governance Committee and Transport for the North Board</p> <p>Contract Procedure Rules</p>
<p><b>G Implementing good practices in transparency, reporting and audit to deliver effective accountability</b></p>	
<p><b>Core Principle</b>  <b>Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</b></p>	
<p><i>How we met the principle</i></p>	<p><i>Evidence</i></p>
<p>Transport for the North considers the available evidence when making decisions. Transport for the North commissions extensive research for all its programmes and explores different options before prioritising proposals.</p> <p>The Strategic Transport Plan is based on a robust evidence base and was subject to a 13-week statutory consultation exercise during which officers and Members considered in detail the representations made by members of the public and</p>	<p>STP and Evidence base TfN Work Programmes</p> <p>Strategic Transport Plan</p>



<p>stakeholders. The Strategic Plan is available for public inspection on the website.</p> <p>Transport for the North has established a Scrutiny Committee made up of elected representatives from the 20 Constituent Authorities. The Board made a decision at its inaugural meeting to adopt a “Scrutiny First “ model and so all major decisions are subject to scrutiny before they are presented to the Board. The Scrutiny Committee therefore has an opportunity to influence the Board’s decisions before they are made, rather than reviewing decisions after they have been taken.</p> <p>The Committee meets regularly and is supported by TfN officers. It subjects proposals to scrutiny before they are presented the Transport for the North Board, its recommendations being included in the officer’s report to the Board.</p>	Constitution
<p>Transport for the North has adopted robust procedures for identifying, analysing and managing risk. The risk register is periodically presented to the Scrutiny Committee for discussion.</p>	Corporate Risk Register
<p>Transport for the North has appointed an Audit and Governance Committee which is responsible for independently monitoring and assessing the adequacy and effectiveness of the risk management framework.</p>	Constitution
<p>The Audit and Governance Committee includes three Independent Members appointed after a public recruitment exercise to provide an independent focus and additional expertise to support the Committee in its scrutiny of the reports which are submitted to it.</p>	Corporate Governance Framework
<p>The Risk Manager reports regularly to the Audit and Governance Committee and the Committee has selected key risks which it wishes to scrutinise in detail.</p>	Constitution
<p>Internal Audit has been contracted out to RSM which has prepared an Annual Audit Plan. RSM attends each meeting of the Audit and Governance Committee and reports on progress against the Audit Plan.</p>	Reports to Audit and Governance Committee and TfN Board
<p>Transport for the North has appointed Mazars as its external Auditors. They are updated throughout the year through the reports of the Audit and Governance Committee and are invited to attend every meeting of the Committee and so have an in-depth insight into the workings of TfN.</p>	Annual Audit Plan

## Annual Review of the Effectiveness of the Governance Framework

The effectiveness of key elements of the governance framework are assessed throughout the year by the Chief Executive and Directors meeting as the Operations Board (OBT), by internal audit and by the Audit and Governance Committee. Performance in relation to key risks is reported to OBT on a monthly basis, to the Audit and Governance Committee quarterly, and also to the Transport for the North Board. Significant risks and performance in relation to key programmes is also reported to the Executive Board of Senior Officers of the Constituent Authorities at a monthly meeting.

Over the course of the year a number of operational difficulties arose in relation to one of Transport for the North's Major Programmes. These issues were identified through Transport for the North's processes and controls, allowing action to be taken to mitigate the impacts on its operations. The Audit and Governance Committee was informed of these issues as they arose and the action that had been taken to address them.

### Governance Challenges for 2019/20 onwards – Action Plan

Subject	Action	Responsible Officer	Target Completion Date
Review of the Constitution	Undertake a full review of the Constitution to clarify decision making procedures	Head of Legal	31/07/19
Review of the Rail North Partnership with the Secretary of State	Implement the recommendations of the Blake/Jones Review into the Rail North Partnership	Strategic Rail Director	30/06/2020
Developing the Scrutiny Function	Providing training and development for the Scrutiny Committee to enable it to fully develop its role of Scrutiny First	Head of Legal	30/06/2020

### Conclusion

The governance arrangements as described above have been applied throughout this year and up to the date of the Annual Accounts providing an effective framework for identifying governance issues and taking mitigating action. Over the coming year Transport for the North will continue the operation of the governance framework and take steps to carry out the actions for improvement identified in the review of effectiveness to further strengthen its governance arrangements.

Signed .....

Chair of the Transport for the North Board

Signed.....

Chief Executive