

**Memorandum of Understanding**  
**between the Department for Transport and**  
**Transport for the North**

**Dated**

**31 July**

**2018**

## Section 1: Vision

1. The Department for Transport ('the Department') and Transport for the North (TfN) are both committed to delivering transformational economic growth in the North - with transport at the heart of this - and the creation of TfN as the first sub-national transport body (STB) embodies this commitment. The shared vision of the Department and TfN is for a North which has a vibrant and growing economy that builds on the existing strengths of the North, attracts and retains the brightest and best talent and attracts investment from overseas. A strong knowledge economy, centred on thriving cities, is at the heart of this vision for the North's economy. The aim of the partnership between the Department and TfN is to support this vision becoming a reality.
2. Central to TfN's agenda will be to identify the right strategic, transformational transport interventions to connect major centres of population, trade and commerce. TfN is a unique arrangement that sees Government, Northern local authorities and Local Enterprise Partnerships (LEPs) working together, along with Highways England, Network Rail and HS2 Ltd, with the shared aim of transforming Northern growth by rebalancing the economy and establishing the North as a global powerhouse. The role of TfN is to represent the collective views of the North and its constituent bodies, acting as one voice to the Department. Through this partnership, the Department and TfN agree to work together to deliver the following shared objectives:
  - Demonstrable, improved outcomes for passengers, freight and all transport users across the North;
  - Furthering of transport interventions which will boost transformational economic growth and opportunity in the North; and
  - Supporting decisions to be taken at the right level and geography.
3. The Department and TfN agree that they will work in a collaborative spirit to achieve the objectives set out above, ensuring that the North has the voice and powers it needs to set the strategic direction for transport in the North.

## Section 2: Background

### *This document*

4. With these objectives in mind, this document has been drawn up collaboratively by the Department and TfN to set down the obligations, principles and working arrangements that underpin the relationship between the two parties. The aim is to provide both the Department and TfN with the information and lines of communication needed to ensure the effective functioning of both bodies and to ensure an effective partnership between the two.
5. This document is not legally binding but both parties agree to operate in line with it. To this purpose, it is signed and dated by the Department and TfN. Copies of the document are placed with TfN and the Department and made available to members of the public on TfN's website.
6. A light-touch review of this document will be carried out annually by the Department and TfN, with a more comprehensive review to be carried out every three years by both parties. However, the Department or TfN may propose amendments to this document at any time.

### *Legislation*

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7. Under the Local Transport Act 2008, amended by the Cities and Local Government Devolution Act 2016, TfN has been established as the first STB, with the purpose of developing and implementing transport strategies in the region. TfN's aim is to plan and ensure the development of new infrastructure and the delivery of the improvements needed to truly connect the region with fast, frequent and reliable transport links, driving economic growth and supporting the creation of a Northern Powerhouse. TfN's vision as the first STB is to facilitate transformational economic growth in the North through a world class transport system, representing one legitimate voice for the whole of the North.
8. The Department put forward legislation to establish TfN in statute to ensure it has the stability, permanence, and authority to inform policy and to prioritise investments across the North<sup>1</sup> which the Department must then have regard to in national decision-making. The Regulations establishing TfN as the first STB were passed in January 2018, and became effective on 1 April 2018. As a 'statutory partner', TfN will work with the Department to enable northern priorities to be incorporated in its national level prioritisation decisions, ensuring Ministers have the best evidence and advice on which to take decisions.

### **Section 3: TfN's statutory functions and responsibilities**

9. TfN's statutory functions are to:
  - Prepare a transport strategy for the North;
  - Provide advice to the Secretary of State about the exercise of transport functions in relation to the North (whether exercisable by the Secretary of State or others);
  - Co-ordinate the carrying out of transport functions in relation to the area that are exercisable by different constituent authorities, with a view to improving the effectiveness and efficiency in the carrying out of those functions;
  - Consider whether a transport function in relation to the area would more effectively and efficiently be carried out by TfN and if so to make proposals to the Secretary of State for the transfer of that function to TfN; and
  - Make other proposals to the Secretary of State about the role and functions of TfN.
10. In order to fulfil its statutory functions, both parties agree that TfN will:
  - Speak with a single, strong voice to the Department, bringing together all the relevant parties across the North;
  - Focus on improving outcomes for passengers and transport users across the North;
  - Prioritise transport interventions that will further transformational economic growth in the North;
  - Make recommendations to the Secretary of State for consideration within the context of the national transport policy.
  - Engage with the Department to ensure the priorities it identifies are understood and recognised in national decision-making; and
  - Provide the Department with information, outlined in this document, to ensure the Department can fulfil its responsibilities as sponsor and funder of TfN.
11. TfN must satisfy the conditions attached to any funding from the Department. These will be set out in an annual funding letter issued by the Department. More information on the annual funding letter can be found in Section 6.
12. TfN will be accountable to local citizens through its constituent authorities. Further to this, TfN's Head of Paid Service (the Chief Executive), Monitoring Officer and Chief Finance

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<sup>1</sup> 'The North' in this document refers to the geographical area that Transport for the North, through its Members, represents.

Officer (Finance Director) must comply with their statutory duties defined in sections 4, 5 and 6 of the Local Government and Housing Act 1989, and with the requirements of the CIPFA Code. This includes preparation of an annual statement of accounts in accordance with the Local Audit and Accountability Act 2014. The Department acknowledges these responsibilities placed upon TfN by local government legislation.

13. In addition, in carrying out its statutory functions and responsibilities (including its obligations to its partners) TfN must take into account the Department's obligations (as funder) to deliver value for money in accordance with HM Treasury's *Managing Public Money* and *The Green Book* and the necessary sponsorship arrangements this requires (see sections 5, 6 and 7).

#### **Section 4: TfN's role in the national transport network**

14. TfN was established to represent the collective views of the North, acting as one voice on their behalf. In this respect, an essential function of TfN is to act as a statutory partner in the Department's road and rail investment processes. This provides TfN with a strong, formal and ongoing role in the Department's investment processes insofar as they relate to the North, enabling TfN to set its long term strategic priorities for the region which will then inform the Secretary of State's decisions on national investments.
15. The Department expects TfN to prioritise the investments that drive economic growth in the North. The Department will have regard for the priorities identified by TfN, however the Secretary of State remains the final decision maker. If TfN considers the Department to have not taken due account of a recommendation, TfN reserves the right for the Chair of the TfN Board to raise this with the Secretary of State.
16. In its role as a statutory partner of the Department, TfN is responsible for:
  - Developing a statutory Transport Strategy;
  - Undertaking statutory consultation on the Transport Strategy;
  - The setting of the North's objectives and priorities with regards to strategic road and rail investments; and
  - Engaging with the Department to ensure that these priorities are understood and recognised in national decision making.

#### *Road - Highways North Board*

17. The Highways North (HN) Board has been established comprising representatives from TfN, the Department and Highways England (HE). This Board will meet at least quarterly and recommend conclusions, papers and materials to be shared with decision-making groups, informing the creation of future Road Investment Strategy and other competitive major road funding programmes. The Terms of Reference for this Board, including membership, role and working practices, is included at Appendix 1.
18. The HN Board will have access to certain key process documents to enable candid discussions to be held. However, these materials will remain confidential and both parties agree to the careful management and handling of this information. An appropriate Departmental Director will provide internal oversight of how any potentially sensitive information is shared with the HN Board.

#### *Rail - Franchising*

19. The North has, through a Partnership Agreement relating to rail franchise management and cooperation on investment planning signed between the Department and Rail North

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in March 2015 (Partnership Agreement), worked in partnership with the Department in the management of the region's two principal franchises (TransPennine Express and Northern). TfN's proposal to become an STB, agreed by the Secretary of State in March 2017, included the proposal that Rail North's functions for the North's franchises would be transferred to TfN to enable it to best fulfil its statutory role. This has been affected by the novation to TfN and amendment of the Partnership Agreement such that the existing roles and responsibilities of Rail North will in future be discharged by TfN. A copy of the updated agreement (Updated Partnership Agreement) is at Appendix 2.

#### *Rail - Infrastructure Investment*

20. The updated Partnership Agreement gives effect to TfN's 'statutory partner' role in rail investment planning and delivery. TfN will work with the relevant investment planning teams within the Department to identify and progress the case for investments that could assist with the delivery of the TfN Statutory Transport Plan. One of the means by which TfN will discharge its functions will be through its membership of the Rail North Partnership Board in accordance with the separate updated Partnership Agreement, with provision that either the Secretary of State or TfN may seek advice directly from the other on any key issues or priorities relating to the area covered by TfN.

#### **Section 5: TfN Governance**

21. TfN's Constitution and Governance Framework sets out the remit and responsibilities of the boards and committees within TfN's structure. These bodies' roles are characterised as decision-making, consultative or review based. These governance arrangements support TfN to function as an independent body. TfN's Governance Framework is included at Appendix 3.
22. It should be noted that individual joint projects, such as the Northern Powerhouse Rail (NPR) programme and the Integrated and Smart Travel (IST) programme (Smart Ticketing) have their own governance and funding arrangements (see section 8 below). However, any and all expenditure that is effected through TfN must comply with the requirements of the TfN Constitution and Scheme of Delegation (irrespective of individual programme governance arrangements).

#### *Decision-making bodies*

23. Decision-making is the responsibility of TfN meeting as a corporate body (herein referred to as the Board) comprising representatives of the 19 constituent authorities. The regulations establishing TfN also provide for representatives of the 6 Rail North Authorities to be co-opted onto the Board, as well as the independent Chair of the Partnership Board. The Board has also agreed to co-opt the 11 LEPs represented on the Partnership Board and the statutory agencies, HS2 Ltd, Network Rail and Highways England. The Board will, through its constitution, delegate the discharge of its functions to its officers. Expenditure decisions taken are subject to conditions included in this Memorandum of Understanding and related programme funding letters, which are issued by the Department.

#### *Consultative bodies*

24. The TfN Partnership Board and the TfN Executive Board are consultative bodies. The Membership of these boards is derived from the Department, the TfN Members' Board,

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plus representatives from key stakeholders. The Terms of Reference for these Boards, including the governance structures, are in TfN's constitution.

25. 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.
26. The Executive Board promotes dialogue on key issues across TfN's portfolio, including finance, risk and business planning from the different work programmes.

#### *Review bodies*

27. TfN has an Audit and Governance Committee, which has a high-level focus on the audit, assurance and reporting framework that supports the financial management and governance arrangements of TfN. TfN also has a Scrutiny Committee, whose role is to scrutinise the decisions of TfN and to make recommendations to TfN on matters relating to transport in the TfN area.

### **Section 6: The Department's role and responsibilities**

28. The Department's role, in the capacity of funder and representation for TfN, is to:
  - Have due regard to the priorities identified by TfN when making decisions affecting the North;
  - Review and, where appropriate, approve TfN's proposals to access core funding, based on the requirements of TfN's core funding letter. Review access to programme specific funding in light of previous business case approvals and ongoing monitoring of funding terms;
  - Communicate its requirements as funder and sponsor of TfN and regularly assess and review TfN's progress against these requirements, in line with the working arrangements and practices set out in this agreement and funding letter;
  - Support TfN to take forward the delivery of its functions across all areas of the Department's responsibilities; and
  - Support TfN in its dealings with other Government Departments.
29. If TfN considers the Department to have not taken due account of a recommendation, TfN reserves the right for the Chair of the TfN Board to raise this with the Secretary of State.
30. In addition to this role, the Department's Principal Accounting Officer is accountable to Parliament for any funding the Department makes available to TfN and must act in accordance with HM Treasury's *Managing Public Money* and *The Green Book*.
31. In particular, the Department's Principal Accounting Officer must ensure that the financial and other governance and sponsorship controls applied by the Department to TfN (as set out in this agreement and/or accompanying funding letters) are appropriate and sufficiently safeguard public funds. TfN's compliance with these controls, must therefore be effectively monitored by the Department. In doing so, the Department will take into account TfN's additional statutory duties under local government legislation.

### **Section 7: Annual funding letter**

32. The Department will provide an annual funding letter setting out the conditions attached to TfN's funding. This will cover:
  - Ensuring effective governance;

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- The development of specific projects or programmes;
  - The preparation of TfN's Business Plan; and
  - Financial reporting.
33. Beyond these, the conditions in the funding letter will be subject to annual review. The latest version of the letter should therefore be consulted for the current conditions and requirements placed on the Department's funding of TfN. At the time of writing this document these were:
- TfN Board to sign-off reward and pay policy;
  - TfN to seek the Department's approval for recruitments of individuals over £150,000;
  - Report on any financial changes that impact on the conditions set out in the annual funding letter; and
  - Report any single expenditure over £180,000 (which is in keeping with TfN's scheme of delegation) from the core funding, and to provide any information the Department requests in relation to this expenditure.
34. Should the conditions in the funding letter not be met by TfN, a joint discussion will be held to agree any corrective action. This could ultimately include ceasing to make payments to TfN.
35. Government funding is continually subject to regular review given the number of competing priorities, which may adversely impact on TfN's future funding. Any proposed changes to TfN funding will be discussed with TfN such that consequences can be fully understood and any mitigating financial actions taken.

## **Section 8: Sponsorship and governance arrangements**

### *Sponsorship*

36. The Chair of TfN is responsible for providing strategic direction to the organisation and will be TfN's primary contact with the Secretary of State. However, in addition the Department and TfN will each name an individual to act as a lead liaison officer who is responsible for the day-to-day relationship of the parties. The lead liaison officers are supported by the regular Sponsorship Meeting, which brings together senior officials in the Department and TfN for the purpose of reporting and monitoring.

### *Lead liaison officer's role*

37. The lead liaison officer's role is to facilitate and support the working relationship between the parties across the full range of TfN's programmes. They:
- Ensure that the principles and values contained in the Memorandum of Understanding are adhered to and support the engagement between the organisations;
  - Act as the primary source of information and advice for their organisations;
  - Act as a main channel through which information is exchanged between the organisations;
  - Consider which documents should be shared with officials for wider discussion at the regular Sponsorship Meeting; and
  - Take appropriate actions to ensure any issues are resolved in a timely manner, with the first route of escalation being the regular Sponsorship Meeting.

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38. Where a disagreement arises, the lead liaison officer should involve colleagues as necessary with the view to jointly resolving the problem. If an issue cannot be resolved through the working level arrangements, the lead liaison officers are responsible for further escalation through their respective organisations.

*Regular Sponsorship Meeting and respective obligations*

39. Subject to its Terms of Reference, the regular Sponsorship Meeting provides a regular checkpoint between the senior officials in the Department and TfN. It is the forum through which TfN provides certain information to ensure that the Department can fulfil its responsibilities as sponsor and funder of TfN. It is expected that TfN considers the Department's views expressed during the Sponsorship Meeting in any future discussions and papers going to Executive Board.
40. In order for the Department to fulfil its sponsorship responsibilities, TfN will need to provide a certain level of information on a regular basis. At the regular Sponsorship Meeting, TfN must therefore provide the following information:
- Provide quarterly updates on actual and planned expenditure against its annual budget, including across its individual programmes (such as Northern Powerhouse Rail and Smart Ticketing) and core activities;
  - Report any financial changes that impact on the conditions set out in the annual funding letter;
  - Update on resourcing against their baseline plans through a regular update report, and seeking approval from the Department for any proposed individual recruitments over £150,000<sup>2</sup>;
  - Provide an update on the Business Plan process, giving the Department appropriate opportunity to review and comment on the draft business plan when it is available (in recognition of the joint delivery of some of TfN's workstreams);
  - Provide updates on any changes to the approved Business Plan;
  - Update on any proposed changes to TfN's governance structure, as set out in TfN's constitution and governance framework;
  - Update on any unplanned use of TfN's financial reserves; and
  - Provide an overview of recent and upcoming engagement with the Department.
41. At the Sponsorship Meeting it is also expected that TfN and the Department's Sponsorship Team will report on progress on individual programmes and will monitor and consider: risk, communications, value for money and any other issues, as determined by the Chair, in consultation with all attendees.
42. The Department is the Secretariat and Chair for this meeting, reflective of its role as the sponsor of TfN. The Terms of Reference for this meeting is included at Appendix 4.

**Section 9: Joint working**

43. The Department and TfN undertake a number of projects jointly – currently the NPR programme and elements of the IST programme – and it is expected this will continue in the future.
44. These projects are funded separately from the annual budget TfN is provided with by the Department, and in these instances separate funding arrangements and working practices have been developed. As such, the detailed working arrangements for joint

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<sup>2</sup> These figures are correct at the time of publishing but the latest annual funding letter sets out the current position.



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projects are not included here, but are instead set out in individual Terms of Reference (or similar documentation). However, when undertaking any joint project the Department and TfN agree that the principles outlined in this agreement will underpin the development of any project-specific ways of working and governance arrangements. In addition, as noted above any and all expenditure that is effected through TfN must comply with the requirements of TfN's Constitution and Scheme of Delegation. A summary is provided below for the two projects currently being undertaken jointly.

#### *Northern Powerhouse Rail*

45. The Department and TfN work in partnership to develop and deliver the NPR programme; a major strategic rail programme, designed to transform connectivity between the key economic centres of the North.

#### *Smart Ticketing*

46. The Department is sponsor for the IST programme which is being delivered by TfN. The programme focuses on making journeys simpler and faster for people and businesses. TfN will take forward its development for a multi-modal vision by working closely with a wide range of interested parties and stakeholders and business cases are subject to Government approval, through the Department. TfN is also a member of the Department-led Smart Ticketing National Programme Delivery Board that oversees delivery of the Secretary of State's vision for every passenger to have the option of a smart ticket on the rail network at national level.

#### *TfN's relationships with national agencies and public bodies*

47. TfN has working relationships with the Department's national agencies and public bodies, such as Highways England, HS2 Ltd and Network Rail. These relationships are managed by TfN independently of the Department, and as such are not detailed in this agreement. However, both the Department and TfN have undertaken to be transparent at all times when managing these relationships, ensuring that all parties have a mutual understanding of respective roles and responsibilities.

### **Section 10: Adoption, consideration and publication of documents**

48. The TfN Board is responsible for the adoption of the Statutory Transport Plan. TfN is committed to having regard to the recommendations of the Partnership Board for any decisions it makes relating to the Transport Plan.
49. The Board also has responsibility for the adoption of the Business Plan. Prior to the adoption of this Plan, TfN will provide the Department with the opportunity to review and comment on the draft Business Plan, initially via the regular Sponsorship Meeting.
50. In addition to being consulted on the Business Plan, the Executive Board is ordinarily consulted on all papers that TfN officials intend to submit to the Board<sup>3</sup> activity plans with significant expenditure implications; and revenue expenditure over the current OJEU limit.
51. In advance of the adoption or publication of TfN documents, the Department expects TfN to consider the appropriateness of engaging its working level contacts. Such engagement occurs primarily through the lead liaison officers, who may decide that a document should be shared more widely for discussion through the regular Sponsorship Meeting.

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<sup>3</sup> In instances where a paper is submitted to the Board without first consulting the Executive Board, the Department will be informed through the named lead liaison officer.

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52. The Department will always respect and give appropriate consideration to the status of TfN as a statutory body before providing any comments on TfN's documents, proposals or recommended priorities for transport investment.
53. The Department and TfN will cooperate with respect to media, press and communications activity and agree working practices in support of this.

## **Section 11: Funding and finance**

### *Long Term Funding*

54. The Department has committed funding to support TfN through to the end of the current spending review period (2019/20). The arrangements relating to the provision of this funding are set out in a separate annual funding letter from the Department to TfN (see Section 6). In addition, future funding decisions may be taken by the constituent authorities; the regulations establishing TfN as a statutory body enables the constituent authorities to individually contribute to the costs of TfN, or as a collective if all authorities agree on the need for a financial contribution and the amount required.
55. Whilst future central government funding decisions will remain the responsibility of the government at the time, establishing TfN in statute ensures it has the stability and permanence to be confident of central government support, however, future central funding decisions will remain the responsibility of the government at the time.
56. In recognition of this, both parties agree that TfN will conduct its financial planning on the basis that funding will continue to be provided to enable it to perform its statutory duties. However, it is expected that TfN will seek to minimise any liabilities, subject to meeting its core objectives as an organisation, outside of the period for which it has secured funding, and that the Department and TfN members will be kept sighted of any expenditure in this category through agreed sponsorship and governance mechanisms.
57. In the event that TfN's funding was to be discontinued by the Government of the day, and TfN was unable to raise sufficient funds from its constituent members to allow it to continue to operate the Department would work with TfN to ensure the orderly winding down of the organisation. Part of this process would be to determine the extent of any future TfN related assets and liabilities and how best to deal with them.

### *Maintenance of Reserves*

58. At present, TfN is reliant on the Department for its funding and, specifically, to progress the NPR programme and the IST programme, and for its core team/back office function.
59. At the same time, establishing TfN as a Local Government body means that it is required to operate within the context of Local Government accounting regulations, including the need to comply with the CIPFA code, which the Department recognises and accepts. These regulations include a requirement for Local Government bodies to adopt a reserves policy and to consider their reserving requirements on an ongoing basis in light of that policy and changes in the nature and quantum of the activity undertaken. A key element of the work performed by TfN's external auditor will be to assess the adequacy of and compliance with this policy.
60. TfN has an extremely limited ability to raise revenue that is additional to the funding that it receives from the Department through voluntary contributions from its Constituent

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Authorities, under article 18 of the Sub-national Transport Body (Transport for the North) Regulations 2018 and therefore any reserve will de facto be resourced through the funding that it receives from the Department.

#### *TfN Cash Flow / Payment of Grant*

61. In order for TfN to meet its immediate and shorter term financial commitments it is recognised that it should maintain a level of cash appropriate to the size and nature of its activities, and its obligation to maintain reserves. The minimum level of cash required at any point may change as TfN develops and its programmes progress, and this will be agreed between TfN and the Department.
62. Furthermore, the minimum level of cash will be set at an individual programme / funding stream level, taking into account reserving requirements, which means there will minimum cash levels set for core activities, NPR and IST (and potentially other programmes in the future). This will also provide greater clarity and transparency around exactly which programmes the cash transfers from the Department are funding.

#### *Ways of Working*

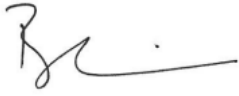
63. At the beginning of each quarter, or by reference to the agreed funding terms for individual programmes, TfN will provide the Department with an analysis of actual expenditure incurred in the previous quarter, the current cash balance held together with a forward look of planned expenditure over the next quarter. This analysis will be carried out at individual programme level i.e. core activities, NPR and IST. The cash pay over to TfN from the Department will then be calculated by taking the current cash balances for each programme plus the planned expenditure for the following quarter plus/minus an adjustment to ensure the minimum cash reserve is rebalanced.

#### **Section 12: Information sharing and confidentiality provisions**

64. As set out in TfN's constitution, TfN will comply with all legal requirements with regard to the provision of information, including adherence to a publication scheme using the model publication scheme developed by the Information Commissioners Office
65. If either TfN or the Department receives a request for information which was either supplied by or relates to the other body, the party receiving the request shall consult the other. Where appropriate, the parties shall discuss the potential application of any Freedom of Information Act 2000 (FoI) exemption or Environmental Information Regulations 2004 exception.
66. Subject to any statutory and regulatory requirements, either party may request that commercially sensitive or otherwise confidential information provided to the other should not be disclosed.

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**Signed on behalf of the parties by:**



**Barry White**

**Date 31 July 2018**

Chief Executive, Transport for the North



**Patricia Hayes**

**Date 12 July 2018**

Director General of Roads, Devolution and Motoring Group, Department for Transport

## Appendix 1

### Highways North Board Terms of Reference

Transport for the North has a wide range of interests in the work being brought forward by Highways England, across the area for which TfN is the Sub-National Transport Body. TfN is also actively engaged in establishing a vision for the future of transport in the area, which Highways England has a strong interest in understanding and helping to shape. The Highways North Board is intended to serve as a forum for these discussions to take place.

#### Role and purpose

- 1) The Highways North Board will:
  - a) Oversee and support the development by TfN of a 'northern vision' for the future of the northern road network, identifying priorities between now and 2050, to shape and inform the creation of future RIS, and other competitive major road funding programmes.
  - b) Provide advice on prioritisation of schemes, and help manage the political consequences if this advice is followed.
  - c) The Board will be clearly identified in the published RIS governance process. The Board's advice will feed directly in to RIS Steering Group but will be non-binding.
  - d) Have:
    - (i) access to the high-level plan and key decision points for RIS2;
    - (ii) access to and comment on early drafts of RIS products as relevant to TfN, and with appropriate, protocols in place for sensitive information.
  - e) Where projects are taken forward under the RIS, having access to technical advice and reports.
  - f) Input into business case development for agreed northern schemes, ensuring their views are represented in the decision-making process.
  - g) Oversight of remaining work on northern strategic studies.
  - h) Oversee and support the development of any formal TfN contribution to the RIS
  - i) As and when required, seek input from ORR to ensure the regulator is kept informed of the work of the Board
- 2) The remit of the Highways North board extends beyond the development of RIS2 and the Board may produce advice and recommendations to the RIS2 working and steering groups.
- 3) The operation of the board is intended to ensure better infrastructure for the north. The roles listed in paragraph 2 are to be exercised to better support the provision of infrastructure. Any input to formal processes and documentation will not be exercised in such a way as to place into question the committed dates set out in Highways England's delivery plan. Where there is a risk of this being the case, Highways England will make this clear to the board as early as possible.

#### Membership

The core membership of the group will be composed of officer representatives from TfN, DfT and Highways England.

In addition to these members, further attendees from HE Major Projects and DfT Local Roads will attend upon request.

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### **Working Practices**

- 1) Secretariat functions will be provided by TfN. The secretariat will be responsible for arranging meetings, preparing the agenda, circulating papers and taking minutes.
- 2) The group will meet at least quarterly, and may arrange additional meetings and invites other attendees as appropriate.

**Appendix 2**

**Updated Partnership Agreement**

***[DN: To be inserted]***

## Appendix 3 Governance

### Framework

#### 1. Introduction

- 1.1 This document sets out TfN's governance and high level working arrangements and should be read in conjunction with the TfN Constitution. The governance framework forms an appendix to TfN's constitution but can be regarded as a free-standing document. In the case of inconsistency between the two documents, the Constitution prevails.
- 1.2 Corporate Governance is defined as the system by which TfN is directed and controlled.
- 1.3 The Governance Framework:
- Establishes the control environment, by setting out the control activities to be undertaken, how they will be undertaken and who will do them; and
  - Develops the foundations for governance, review and reporting framework around the integrated organisation.
- 1.4 This document will be maintained as a working document. Feedback is encouraged and will be considered on the whole, before being incorporated where practicable.
- 1.5 This document has been prepared in conjunction with the Constitution of TfN and will be maintained and updated accordingly.

#### 2. Overview

- 2.1 These governance arrangements have been established in accordance with the Constitution of TfN.
- 2.2 The Constitution outlines how TfN operates, how decisions are made and the procedures which are followed in order to ensure that TfN operates efficiently, effectively and in a transparent and accountable manner.
- 2.3 The benefits of an established Governance Framework include:
- Providing assurance to TfN of the effectiveness and efficiency of the overall project and programme delivery;
  - The establishment of high-level working arrangements and practices; and
  - The formalisation of required reporting structures which will allow the performance of functions, projects and programmes to be monitored and measured.
- 2.4 Formal governance arrangements define:
- Lines of authority, accountability and assurance;
  - Governance Bodies / Organisation;
  - Frequency of meetings; and



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- Terms of Reference of each.

### 3. Governance Framework

Terms of Reference for each body is provided below. This sets out the breakdown of governance roles, and the authorities and responsibilities of each body, in accordance with legislation.

### 4. Governance of Meetings

The Terms of Reference of TfN Committees (described in the constitution in part 4 are approved by TfN at a Full Meeting of its Members and will be reviewed as part of the annual review of the Constitution. The Terms of Reference of other officer meetings are approved by the Operations Board.

All meetings of TfN's Boards or Committees which may influence the outcome of a specification, evaluation or procurement should record the Declarations of Interests of attendees at the outset of the meeting.

### 5. TfN Members' Bodies

5.1 Section 5 describes those committees which are primarily member bodies.

#### 5.2 TfN Members' Board

Entity	TfN Members' Board
<b>Members and Co-opted Members</b>	Constituent Authority and Rail North Authorities Elected Mayors/Leaders/Chairs or Member with Responsibility for Transport or Substitute Members and the Chair of the Partnership Board and any other Co-opted Members
<b>In attendance</b>	Legal Services Manager as Secretary (Monitoring Officer) TfN Chief Executive and Finance Director Any other person at the invitation of the TfN Members' Board
<p><b>Establishment</b></p> <p>TfN will be established as a corporate body on 01/04/2018 [following the Statutory instrument passed through parliament]. A meeting of all of the Members of TfN is referred to in this document as the TfN Members' Board.</p> <p><b>Composition</b></p> <p>A meeting of the TfN Members' Board shall be quorate where ten or more Members are present.</p> <p><b>Meeting Frequency</b></p> <p>Quarterly or at such intervals as the TfN Members' Board may decide, but not less than four times per year.</p>	

**Authority and Responsibilities**

The TfN Members’ Board is the ultimate decision-making body within TfN and is responsible for the exercise of all TfN powers.

The TfN Members’ Board may delegate its powers to a Committee or any of its officers (to the extent that officer is properly able to exercise that delegation), except:

- (i) Adopting and changing the Constitution;
- (ii) The adoption, approval, amendment, modification, revision, variation, withdrawal or revocation of a Transport Strategy under section 102I of the Local Transport Act 2008;
- (iii) The approval of the TfN business plan and budget;
- (iv) The approval of the staff establishment (overall numbers and grades); and
- (v) The determination of collective terms and conditions of staff.

The TfN Members’ Board approves a detailed revenue and capital budget each year and subsequently quarterly budget revisions.

TfN has the statutory functions set out in the Statutory Instrument made on 22<sup>nd</sup> January 2018 creating TfN as a Sub-National Transport Body (the Statutory Instrument) within the meaning of the Local Transport Act 2008.

TfN Members’ Board exercises the role and functions of Rail North Limited and through a Partnership Agreement with the Secretary of State for Transport will exercise management functions in relation to the Trans Pennine Express and Northern Franchise Agreements.

The TfN Members’ Board approves the Statement of Accounts and Annual Governance Statement.

The TfN Members’ Board may at any time appoint such committees as it thinks fit or dissolve or alter the membership of any such committee.

**5.3 Audit and Governance Committee Terms of Reference**

<b>Entity</b>	<b>Audit and Governance Committee</b>
<b>Members</b>	Member (Chair) 4 Members of TfN Members’ Board 3 other co-opted Members (roles to be recruited to supply required specialist skills)
<b>In Attendance</b>	Finance Director The Head of Legal Services as Secretary (Monitoring Officer) A representative of DfT Any other person at the invitation of the Committee or the Statutory Officers
<b>Establishment</b>	

The Audit and Governance Committee will be established as a committee of the TfN Members' Board in accordance with the TfN Constitution. It has the following purposes:

- (i) assisting the TfN Members' Board in meeting its responsibilities in relation to the integrity of TfN's financial reporting, including the effectiveness of the internal control and risk management systems;
- (ii) monitoring the effectiveness and objectivity of internal and external auditors; and
- (iii) assisting the TfN Members' Board in providing leadership, direction and oversight of the overall risk appetite and risk management strategy.

### **Membership**

The Members of the Audit and Governance Committee are the Members of TfN appointed to the Committee and the Independent Members co-opted to the Committee by TfN Members' Board in accordance with [the powers granted to TfN under the Statutory instrument.

### **Meetings**

The Audit and Governance Committee shall meet quarterly or at such intervals as the Chair may decide.

A meeting shall be quorate where four Members of whom at least 2 are representatives of the Constituent Authorities are present .

The Committee may invite any individual, whether internal or external, to attend all or part of any meeting in whatever capacity as the Chair of the Committee deems appropriate in order to assist the Committee in its duties.

The Committee will meet privately with the external auditor at least once a year, without the presence of TfN Officers.

The Head of Legal Services, or a delegate, will attend each meeting as Secretary.

The Committee shall meet quarterly or at such intervals as the Chair may decide.

### **Authorities and Responsibilities**

The Audit and Governance Committee will advise the TfN Members' Board on the matters set out below:

- (i) financial reporting, internal control and audit processes; and
- (ii) advising the TfN Members' Board on the risk exposures of TfN, reviewing TfN's risk management framework and monitoring its effectiveness and adherence to the risk policies.

### **Risk Management**

Independently monitoring and assessing the adequacy and effectiveness of the risk management framework, with particular focus on:

- (i) the risk management strategy for managing key risks;
- (ii) risk ownership, accountability and the development of mitigating actions;
- (iii) the alignment of internal audit and other assurance planning through a risk-based approach to auditing; and
- (iv) receiving reports from management on the adequacy and effectiveness of the internal control and risk management framework.

### **Financial Control Framework**

Advise the Finance Director in respect of the Annual Governance Statement to be incorporated within the Annual Reports and Accounts.

Considering the robustness of financial controls, including the financial reporting process; the accounting policies; and the Annual Statement of Accounts of the TfN Members' Board, to ensure that published financial information has integrity; is balanced; and is transparent; and also seeking to ensure assets are safeguarded against fraud and irregularity.

Considering, (in the absence of management if appropriate), sensitive audit findings and matters which the internal and external auditors may wish to raise and to report, if appropriate, to the Board with any recommendations for improvements.

Seek assurances regarding the adequacy and effectiveness of TfN's arrangements to satisfy the requirements of the [CIPFA/SOLACE] framework of corporate governance.

### **Internal Audit**

Will consider and advise the Board annually on the adequacy of the rolling work plans for internal audit and ensure that the work plans link appropriately to those of the external auditors and other assurance providers.

At each meeting will receive a report from the [Internal Audit Representative] which will include:

- (i) progress made on delivery of the audit plan;
- (ii) any proposed changes to the annual audit plan;
- (iii) key findings arising from Internal Audit and, where appropriate, compliance work;
- (iv) the timeliness and suitability of management responses to audit recommendations; progress made in implementing Internal Audit recommendations; and
- (v) any significant resourcing issues affecting the delivery of Internal Audit objectives.

Will discuss with [Internal Audit Representative], as appropriate, any issue relating to their report, in the absence of management where necessary.

The Committee may also direct Internal Audit to carry out work in any area where it believes further assurance is required.

Will ensure the Internal Audit function is adequately resourced and has the necessary experience, skills, independence and appropriate standing within the organisation. [Need to consider how the IA function will be delivered?]

Will conduct an annual review of the effectiveness of internal audit; this should include consideration of the effectiveness of any internal audit services provided by third parties.

The Committee may invite to meetings those Functional Leads responsible for internal audit recommendations to explain the reasons for agreed timescales not being met or in instances where Internal Audit are not satisfied that action taken has addressed the risk appropriately.

### **External Audit**

To review progress reports, to be provided at each meeting, from the External Auditors on work that they are performing including both interim and annual accounts audits, value for money exercises and other reviews.

Overseeing TfN's relations with the external auditor.

Considering and making recommendations on the appointment, reappointment and removal of the external auditor as far as the Audit Commission's rules permit.

Approving the terms of engagement and remuneration to be paid to the external auditor.

Assessing the qualification, expertise and resources, effectiveness and independence of the external auditors annually.

Discussing with the external auditor, before the audit commences, the nature and scope of the audit.

Reviewing with the external auditors, the findings of their work including, any major issues that arise during the course of their audit that have subsequently been resolved and any issues that remain unresolved; key accounting and audit judgements; and any errors identified during the audit, obtaining explanations from management and where necessary, the external auditors, as to why certain errors might remain unadjusted.

Reviewing the audit representation letters before consideration by the TfN Members' Board, giving particular consideration to matters that relate to "non-standard" issues.

Assessing at the end of the audit cycle, the effectiveness of the audit process, by reviewing whether the external auditor has delivered against the agreed audit plan and understanding the reasons for any changes, including changes in perceived audit risks and the work undertaken by the external auditors to assess those risks.

Considering the robustness and perceptiveness of the auditors in their handling of the key accounting and audit judgements identified and in responding to questions from the Audit and Governance Committee, and in their commentary, where appropriate on the systems of internal control.

Obtaining feedback about the conduct of the audit from key individuals involved in the process; and

Reviewing the annual Audit Letter to assess whether it is based on a good understanding of the company's business and establish whether recommendations have been acted upon.

**Compliance with laws and regulations**

The Audit and Governance Committee is responsible for:

- (i) Reviewing the effectiveness of the system for monitoring compliance with laws and regulations and advising on the adequacy of TfN's counter-fraud policies and procedures and ensuring that arrangements are in place by which staff may, in confidence, raise concerns about any potential improprieties.
- (ii) Receiving reports of management's investigations and any action taken in respect of any fraudulent act or non-compliance with laws and regulations.

**Governance and Support**

Minutes of the meetings shall be taken and reported to the TfN Members' Board.

The Committee will undertake an annual review of its own performance and review its Terms of Reference, recommending any changes it considers necessary to the TfN Members' Board for approval.

Appropriate and timely training will be available, both in the form of an induction programme for new Members and on an ongoing basis for all Members.

5.4 **Scrutiny Committee Terms of Reference**

<b>Entity</b>	<b>TfN Scrutiny Committee</b>
<b>Members</b>	Constituent Authority Representatives
<b>In attendance</b>	Any other person at the invitation of the TfN Scrutiny Committee
<b>Authorities and Responsibilities</b>	
These arrangements have been established to act as a focus for the scrutiny and challenge of the TfN Members' Board and to investigate matters of strategic importance to the combined administrative area covered by the constituent authorities.	

The role of these arrangements will include monitoring and to make recommendations for improvement and/or changes on:

- (i) The decisions of TfN;
- (ii) The decisions of TfN which are taken by TfN in accordance with the delegations set out in Part X Section XI of the Constitution;
- (iii) Making reports or recommendations to TfN with respect to the discharge of the functions of TfN; and
- (iv) Making reports and recommendations on transport matters that affect the area of TfN or the inhabitants of the area.
- (v) Making recommendations to TfN in advance of any decisions that TfN proposes to take

In order to discharge these responsibilities, the Scrutiny Committee has the power to:

- (i) To review and scrutinise decisions made or other action taken by TfN;
- (ii) To make reports or recommendations with respect to the discharge of the functions of TfN;
- (iii) To make reports or recommendations on transport matters that affect the area of TfN or inhabitants of the area;
- (iv) To require members or officers of TfN to attend meetings of the Committee to answer questions;
- (v) To invite other persons to attend meetings of the Committee.

### **Key Principles for the Operation of the Scrutiny Committee**

The constituent authorities will work together to maximise the exchange of information and views, to minimize bureaucracy and make best use of the time of members and officers of other bodies or agencies.

- (i) Members of the Scrutiny Committee will, when considering reviews, determine whether the issue is more appropriately dealt with by one of the constituent councils or elsewhere and will not duplicate the work of existing bodies or agencies.
- (ii) Subject to prior consultation, the constituent authorities will respond positively to requests for information, or for the attendance of a member or officer at any meetings set up under these arrangements.
- (iii) It is for each constituent council to decide who it considers the most appropriate person(s) to speak on its behalf at any meetings set up under these arrangements.

### **Scrutiny Panels**

The first annual meeting of members of the Scrutiny Committee will establish Scrutiny Panels to undertake agreed scrutiny reviews.

Membership of the Scrutiny Panels will be determined at the annual or any other meeting of the Committee.

Scrutiny Panels established shall include representatives from at least 5 of the constituent councils.

Each Scrutiny Panel shall appoint a Chair and Vice Chair from amongst its members.

Scrutiny Panels established under this protocol must be appointed to carry out specific scrutiny tasks and be time limited. Their continuation will be subject to confirmation at each annual meeting of the Scrutiny Committee.

Different approaches to scrutiny reviews may be taken in each case but members will seek to act in an inclusive manner and will take evidence from a wide range of opinion.

The primary objective of any Scrutiny Panel established under these arrangements will be to reach consensus on its recommendations, but where a minimum number of 2 members express an alternative to the majority view, they will be permitted to produce a minority report.

Voting if needed will be by a show of hands and a simple majority will be required to approve any recommendation.

The Scrutiny Panels will meet as appropriate for the scope of scrutiny required.

**Budget and Administration**

The Scrutiny Budget will be agreed as part of TfN’s annual budgetary processes.

The budget will be required to meet all officer support to the scrutiny arrangements, including research support.

The decisions and recommendations of any Scrutiny Panels set up under these arrangements will be communicated to TfN, and other Scrutiny Committee members as soon as possible after resolution by those appointed to any such Scrutiny Panel.

Any external expenditure shall be procured and managed through and in accordance with TfN’s adopted financial processes.

**5.5 TfN Partnership Board Terms of Reference**

Entity	TfN Partnership Board
<b>Members</b>	Independent Chair; Constituent Authority leaders / elected mayors; Representatives from each of the 11 Northern LEPs; A representative from the Department for Transport; Representatives from Highways England, Network Rail and HS2 Limited; and TfN Chief Executive.



<p><b>In attendance</b></p>	<p>TfN Finance Director, HR and Mobilisation Director, Portfolio Director, Strategy Director, Monitoring Officer (Secretary) and any other person at the invitation of the TfN Partnership Board</p>
<p><b>Establishment</b></p> <p>The TfN Partnership Board was established in accordance with the provisions of the Order to advise TfN on matters relating to transport to, from and within TfN's area and to provide a consultative forum for TfN Members in the development of TfN's Strategy and programmes.</p> <p><b>Composition</b></p> <p>The TfN Members Board will appoint an Independent Chair of the Partnership Board who will become a co-opted member of the TfN Members Board.</p> <p>The role of the Chair shall be to:</p> <ul style="list-style-type: none"> <li>• chair the Partnership Board ensuring a strong partnership is maintained across the North</li> <li>• Lead discussions between TfN and the Secretary of State</li> <li>• Represent TfN in the media, and</li> <li>• Be an advocate for TfN with the business community and wider public</li> </ul> <p>The position of Chair of the Partnership Board is a remunerated position</p> <p>If the Chair is not present an alternative Chair will be elected by and from the Partnership Board members.</p> <p><b>Meeting Frequency</b></p> <p>Quarterly or at such intervals as the TfN Members' Board may decide and agree with the Partnership Board. Attendance shall be in person.</p> <p><b>Role and Function</b></p> <p>The role of the Partnership Board is:</p> <ul style="list-style-type: none"> <li>• To contribute to TfN's effective exercise of its powers and the development and delivery of its Strategy and programmes;</li> <li>• To advise on the strategic direction, policies and priorities of TfN, emerging regional transport issues and the extent to which current and proposed transport infrastructure meets the requirements of the Northern economy, industry and the wider community;</li> <li>• To provide a forum for an exchange of views and information in relation to strategic or policy matters;</li> <li>• To represent to TfN the wider interests of the business community;</li> <li>• To advise TfN on policies and priorities relating to transport and the effect of transport on the economy of the area of TfN;</li> <li>• To advise TfN on all matters relating to transport to, from and within the area of TfN;</li> <li>• To advise on the development of the Strategic Transport Plan;</li> </ul>	

- To recommend to TfN the adoption of the Strategic Transport Plan;
- To advise TfN on the delivery of the proposals set out in the Strategic Transport Plan;
- To be consulted on content of the TfN Business Plan, activity plans with significant expenditure implications and the initiation and submission of business cases.

**6. TfN Officer Bodies**

6.1 Section 6 describes those bodies which consist of TfN officers and officers co-opted from other organisations.

**6.2 TfN Executive Board Terms of Reference**

<b>Entity</b>	<b>TfN Executive Board</b>
<b>Members</b>	Chief Executives or nominated representatives from Constituent Authorities. A representative from the Department for Transport. Representatives from Highways England, Network Rail and HS2. TfN Chief Executive.
<b>In attendance</b>	TfN's Finance Director and any other person at the invitation of the Executive Board.
<p><b>Establishment</b></p> <p>The TfN Executive Board will be established to provide a consultative forum for TfN Officers in the development or delivery of programmes and activity required to deliver the objectives of TfN as set out in its Business Plan and varied by the TfN Members' Board from time to time.</p> <p>The Executive Board should reflect the priorities of both private and public-sector organisations within the North. It is the responsibility of the representatives of the Constituent Authorities to ensure that the views of the private sector in their locality are represented.</p> <p><b>Composition</b></p> <p>The Board will elect a Chair from one of its Constituent Authority members.</p> <p>If the Chair is not present an alternative Chair will be elected by and from the Constituent Authority members.</p> <p><b>Meeting frequency</b></p> <p>Monthly or at such intervals as the Executive Board may decide. Attendance may be in person or via teleconference.</p> <p><b>Role and Function</b></p>	

The primary objective of the Executive Board is to contribute to Transport for the North's effective exercise of its powers and the delivery of its objectives as set out in the TfN business plan.

This might include , but not be limited to, the strategic direction, policies and priorities for TfN; emerging regional transport issues and the extent to which current and proposed transport infrastructure meets the requirements of the Northern economy, industry and the wider community.

The Executive Board is to:

- (i) Provide a forum for an exchange of views and information in relation to strategic or policy matters;
- (ii) Provide an environment for TfN officers and Constituent Authority representatives to discuss/share strategic information on matters impacting on the objectives of TfN;
- (iii) Provide leadership, information and advice that informs TfN on the transport priorities of the North; and
- (iv) Review the effectiveness of the flow of information to and from the Constituent Authorities and provide advice to TfN regarding improvements as appropriate.

The Executive Board will receive a monthly operating report covering the activities of TfN.

The Executive Board will normally be consulted on all papers that are intended to be submitted for consideration by the TfN Members' Board.

The Executive Board will be consulted on content of the TfN Business Plan, activity plans with significant expenditure implications, the preparation of business cases, and on all revenue expenditure proposals in excess of the EU threshold

The Executive Board may refer any item to the TfN Operating Board for consideration.

To ensure the Executive Board remains effective the Terms of Reference should be reviewed on an annual basis.

### 6.3 TfN Operating Board Terms of Reference

<b>Entity</b>	<b>Operations Board</b>
<b>Members</b>	Chief Executive (Chair) Finance Director Legal Services Manager (Monitoring Officer) Other Officers invited to attend by the Chief Executive
<b>Establishment</b>	
The Operations Board was established as a meeting of the Chief Officers to consider proposals and facilitate the effective management of TfN.	

### **Composition**

The Chief Executive shall chair the meeting. Statutory Officers may nominate a deputy to attend on their behalf as required. Note decisions can only be taken by Officers with a formal delegation either from TfN or from a Chief Officer with delegated authority.

Proposing Officers (lead authors of submissions to meetings) and subject matter experts may be invited to attend by any Member of the Operations Board.

### **Meeting Frequency**

Monthly or at such intervals as the Chair may decide.

### **Authorities and Responsibilities**

#### ***General Business***

Assume responsibility for the day-to-day management of TfN.

Approve corporate policies.

Co-ordinate TfN's business planning and performance management processes and, in particular:

- (i) Monitor key performance indicators and the priority tasks being undertaken and report key performance indicators and the priority tasks to the TfN Members' Board.
- (ii) Approve the TfN Business Plan and Budget for submission to the TfN Members' Board.

Approve the submission of functional strategies to the TfN Members' Board.

Approve any changes in the staffing structure/establishment, (if within the scheme of delegation). Note significant changes would need to go to TfN Members' Board.

Implement the risk management strategy, ensuring ownership and the active management of risk and the reporting of significant risks.

Approve the issue of reports to TfN Members' Board, subject to the responsibilities of the Statutory Officers.

Manage and approve process for external communications and engagement.

Approve the appointment of TfN officer representatives to outside bodies.

Approve the cessation of an activity that was previously approved to proceed by the Operations Board.

Approve business cases for submission to DfT or other central government departments.

HR matters will be managed via the HR Committee, as set out in section [x] below.

Approve the internal audit plan.

At least once per year, review TfN's governance arrangements to ensure that these remain appropriate to TfN's objectives and make changes/recommend changes to Members' Board as required.

### **Capital Programme**

Monitor the progress of capital programmes and associated projects with respect to funding and schedule parameters and review performance indicator data.

Ensure that overall programmes are managed to budget, time and quality and focused on the successful delivery of identified benefits.

Monitor and direct common matters between programmes and direct the activities of Programme Boards as required.

### **Financial Matters**

Be responsible for the following financial matters:

- i) Monitoring of capital expenditure and revenue income and expenditure.
- ii) Subject in all cases to compliance with the TfN Contracts and Procurement Rules and the TfN Financial Regulations, approval of capital expenditure items subject to the limits prescribed within the Schedule of Approvals at Appendix 10], provided that:
  - the relevant capital scheme has previously been approved by the TfN Members' Board; and
  - the item is within the approved capital budget for the scheme.
- iii) Subject in all cases to compliance with the TfN Contracts and Procurement Rules and the TfN Financial Regulations, approval of revenue expenditure items and purchasing and contractual approvals subject to the limits prescribed within the Schedule of Approvals at Appendix 10, provided that:
  - the expenditure is explicitly identified within a budget previously approved by the TfN Members; and
  - the item is within the approved budget for the scheme.
- iv) Approving the waiving of the Contracts and Procurement Rules at Appendix C (subject to the limited delegation to the Procurement Manager to approve a waiver where the value is below the limit set out in the Scheme of Delegation).

Monitor the performance of marketing and other commercial activity.

6.4 **TfN Human Resources Forum – Terms of Reference**

<b>Entity</b>	<b>TfN Human Resources Forum</b>
<b>Members</b>	Chief Executive Finance Director HR & Mobilisation Director Other Officers as invited by the Chief Executive
<p><b>Establishment</b></p> <p>The TfN Human Resources Committee was established by the Chief Officers as a sub-committee of TfN's Operating Board.</p> <p>The Committee is responsible to the Operating Board for considering, approving and monitoring human resource policies, procedures and practice including recruitment, movement and organisation of employees and the conduct of all Officers.</p> <p><b>Meeting frequency</b></p> <p>Bi-monthly or at such intervals as the HR Committee Members may decide. Attendance may be in person or via teleconference.</p> <p><b>Role and Function</b></p> <p>The primary objective of the Human Resources Committee is to consider and specifically approve:</p> <ul style="list-style-type: none"> <li>a) organisational change and structure</li> <li>b) human resources planning and utilisation</li> <li>c) workforce development</li> <li>d) climate motivational welfare issues</li> <li>e) Equality &amp; diversity issues</li> <li>f) employment policies, procedures and practices, inclusive of any Code of Conduct issues</li> <li>g) employment legislation</li> <li>h) job evaluation</li> <li>i) employee terms and conditions</li> <li>j) industrial relations framework</li> </ul> <p>The Human Resources Committee may refer any item to the TfN Operating Board for consideration.</p> <p>To ensure the Human Resources Committee remains effective the Terms of Reference should be reviewed on an annual basis.</p> <p><b>Reporting Arrangements:</b></p> <p>Actions taken by the Human Resources Committee will be reported to the Operating Board.</p> <p>As appropriate, the Operating Board and / or the TfN Members' Board will be consulted prior to decisions being made which may have more wide-ranging impact. Equally, on issues that require it, consultation will be held</p>	

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with the TfN's Employee Representatives (Employee Forum), utilising the normal communication channels.

## Appendix 4

### Terms of Reference of the Sponsorship Meeting

#### Purpose

The purpose of the regular Sponsorship Meeting is to provide a checkpoint for senior officials in DfT and TfN.

#### Membership

The regular Sponsorship Meeting is attended by senior managers from the key organisations involved in the Programme:

- Department for Transport
- Transport for the North

The following representatives will attend the Sponsorship Meeting.

Organisation	Position and role	Name
DfT	<b>Head of Northern and Transport for the North Engagement Team - Chair</b>	Confidential
	<b>Head of Transport for the North Sponsorship</b>	Confidential
	<b>Transport for the North Sponsorship Manager - Secretariat</b>	Confidential
TfN	<b>Portfolio Director</b>	Dave Abdy
	<b>Business Capabilities Director</b>	Dawn Madin
	<b>Finance Director</b>	Iain Craven
	<b>Project Controls</b>	Ismail Badat

Others may attend by invitation for specific topics.

#### Role of the Sponsorship Meeting:

The meeting provides an opportunity for:

- TfN and DfT's Regions, Cities and Devolution Directorate to report progress on individual programmes;
- TfN to provide quarterly updates on actual and planned expenditure against its annual budget, including across its individual programmes (such as Northern Powerhouse Rail and Smart Ticketing) and core activities.



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- TfN to provide an update on the Business Plan process (including any changes to the approved Business Plan), giving the Department appropriate opportunity to review and comments on the draft business plan when it is available;
- TfN to report any financial changes that impact on the conditions set out in the annual funding letter and provide an update on any unplanned use of TfN's financial reserves;
- TfN to update on resourcing against their baseline plans through a regular report to the sponsorship meeting, including seeking approval from the Department for any proposed individual recruitments above £150,000 per year;
- TfN to provide an update on any proposed changes to TfN's governance structure, as set out in TfN's Constitution and governance framework;
- TfN to provide an overview of recent and upcoming engagement with the Department; and
- TfN and the Department to monitor and consider risk, communications and any other issues, as determined by the Chair.

## **Reporting**

The reports presented at this meeting provide an opportunity to monitor and report progress across work streams; and to review finance, HR, risk and any other issues as determined by the Chair. These matters will be covered in either detail or by exception, as part of the regular reporting cycle to TfN and DfT governance groups.

The Sponsorship Meeting serves as the primary route through which the working-level Liaison points in DfT and TfN raise issues for wider discussion. This may include matters relating to work streams, reporting issues, or documents to be published by TfN and the Department.

## **Location and Frequency of Meetings**

Meetings will alternate between the offices of DfT and TfN, in London, Leeds and Manchester respectively. These will take place on a six weekly basis.

## **Chair and Secretarial Services**

The Chair, and responsibility for producing formal meeting notes and actions arising, will sit with DfT.

The circulation of papers will be as follows:

- Agenda and commissioning of papers – 1 week before
- Circulation of papers – 3 days before
- Minutes circulated – up to 1 week after