

# ANNUAL GOVERNANCE STATEMENT 2021-22



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way to travel, for generations to come.



LNER

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# SCOPE AND PURPOSE OF THE ANNUAL GOVERNANCE STATEMENT



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# 01 SCOPE AND PURPOSE OF THE ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement (AGS) is mandatory for all Public Sector bodies and reports on the arrangements in place for ensuring that business is conducted in accordance with the law, regulations and proper practices and that money is safely and properly accounted for. In essence, it is an accountability statement which sets out how well the business has delivered on Governance over the course of the previous year and details any current challenges and areas for improvement.

Although for LNER it is not a mandatory requirement, the AGS is a key document in providing assurance to various stakeholders, including our customers, that we are achieving good governance. Effectively the AGS shows that we are doing the right things, in the right way, for the right people in a timely, inclusive,

open, honest and accountable manner. It will also be used to support the basis for the annual Head of Risk and Assurance Opinion.

## **Good governance leads to effective:**

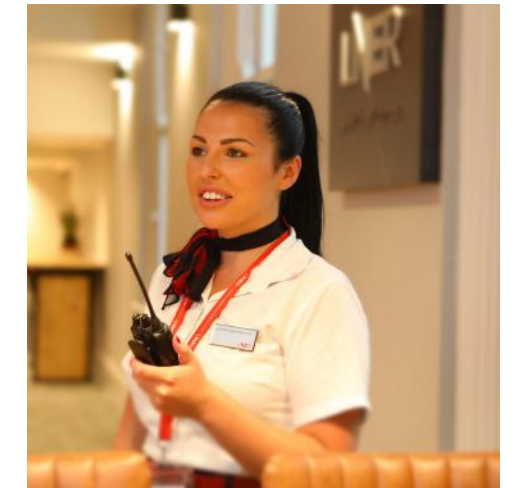
- **Leadership and management;**
- **Performance and risk management;**
- **Stewardship of money; and**
- **Public engagement and outcome for our stakeholders.**

With this in mind, the AGS is underpinned by a Governance Assurance Framework which sets out seven principles of good governance **(See Section Five)** and is the basis for developing the AGS.

In addition to the seven principles, the framework also identifies the sources of assurance which Senior

Management and Board Members can use to understand where assurances are obtained from, identify any potential gaps in levels of assurance and what level of reliance can be placed on that assurance. This is done by outlining the three lines of defence in effective risk management and control.

Although part of the AGS process involves reviewing Internal Audits and identifying any potential areas for improvement, in order to develop an accurate and meaningful AGS, we obtain input and feedback from a wide spectrum of relevant sources across LNER to assess how we are adhering to the seven principles and to assess the governance arrangements in place.



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# LINK TO OUR VISION, PURPOSE, VALUES AND BUSINESS PRIORITIES



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## 02 LINK TO OUR VISION, PURPOSE, VALUES AND BUSINESS PRIORITIES

### OUR VISION

To be the most loved, progressive and responsible way to travel, for generations to come.

### OUR PURPOSE

We put **heart** into everyone's journey

### OUR VALUES

Always care

Be bold

Own it

Bring passion

### OUR SIX BUSINESS PRIORITIES



Safety & Performance



Game Changers



Financial Sustainability



Legendary Customer Experience



Our People



Responsible Business & Partnerships

### OUR KEY GOVERNANCE GROUPS TO SUPPORT AND MONITOR DELIVERY AND ASSURANCE

Executive Safety, Security and Sustainability Board (ESSSB)

Digital Steering Group (DSG)

Timetable Strategy Group (TSG)

Customer Proposition Group (TSG)

People Steering Group (PSG)

Responsible Steering Group (RBSG)

Business Strategy Team (BST)

Remuneration Committee

Amazing Futures Group (AFG)

Security, Safety, Health and Environment Committee (SSHE)

Audit and Risk Committee

### SOME OF OUR KEY STANDARDS, POLICIES AND PROCEDURES WHICH SUPPORT THE GOVERNANCE STRUCTURE (note - this is not an exhaustive list)

Whistleblowing Policy

Code of Conduct

Information Security Policies

Health and Safety Policies

Business Continuity Policy

Anti-Money Laundering Policy

Anti-Bribery Policy

Equality and Diversity Policy

Conflicts of Interest Policy

Environmental Sustainability Strategy



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# HOW HAS THE AGS BEEN PREPARED?

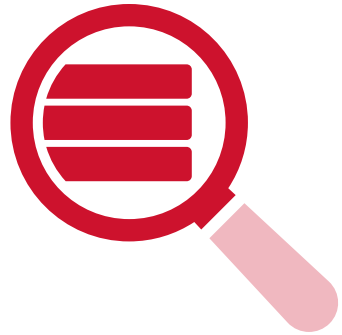


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### 03 HOW HAS THE AGS BEEN PREPARED?

In preparing the AGS, some of the key steps that the Internal Audit Team have undertaken are:



Reviewed the policies and procedures in place across LNER.

Assessed the Governance structures in place in relation to Governance Boards and Committees.



Taken the knowledge and understanding gained from carrying out recent Internal audit and assurance reviews, as well as those undertaken by other assurance teams across the business, to identify governance related measures in place.



Collaborated with appropriate colleagues and SMEs across the business to ascertain the current processes as well as any areas for improvement/potential challenges.



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# KEY ACHIEVEMENTS IN 2021/22



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# 04 KEY ACHIEVEMENTS IN 2021/22



The Declaration of Interests process has been expanded to include additional key members of staff across the business, including the full Leadership Team as well as all employees with procurement responsibilities.



The LNER Business Plan has been updated to include specific commitments to reduce our environmental impact and reflects our Net Zero Carbon by 2045 commitment. This is reinforced by short-term decarbonisation action plans which break this overall long term commitment down into five year tranches. This Net Zero Carbon commitment is defined in a road map and is being measured through a combination of milestone targets and developing science based methodologies.



There has been significant work performed in relation to Business Resilience, with Business Continuity Plans being updated and disseminated to colleagues across the business and numerous training events being held to give all managers across the business training in key roles to support the business in the event of any business interruption.



The LNER Code of Conduct has been reviewed, updated and communicated to all staff, with a copy also being retained on our intranet site. In addition, all new employees receive a copy of the Code of Conduct prior to commencing employment and this forms part of our corporate Welcome To induction.



The Business Strategy Team have provided excellent governance around the LNER Business Plan.



In order to further enhance Financial Management across the business, the Finance Team have been undertaking webinars for all colleagues across the business to provide training on key areas and be available to answer any queries/questions.



The Dynamic Listening employee engagement platform has been introduced.



The e-learning system has been enhanced to better monitor compliance. The system now has the functionality to send reminders to colleagues and where training remains incomplete, this is escalated to line managers. In addition, the functionality has been improved to allow e-learning to be accessed via mobiles device.



Risk Management processes have been further enhanced through the use of Risk Champions across LNER. This process has now been embedded and Risk Champions feed in to, update and support the production of the Risk Registers.



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# SEVEN CORE PRINCIPLES OF THE AGS

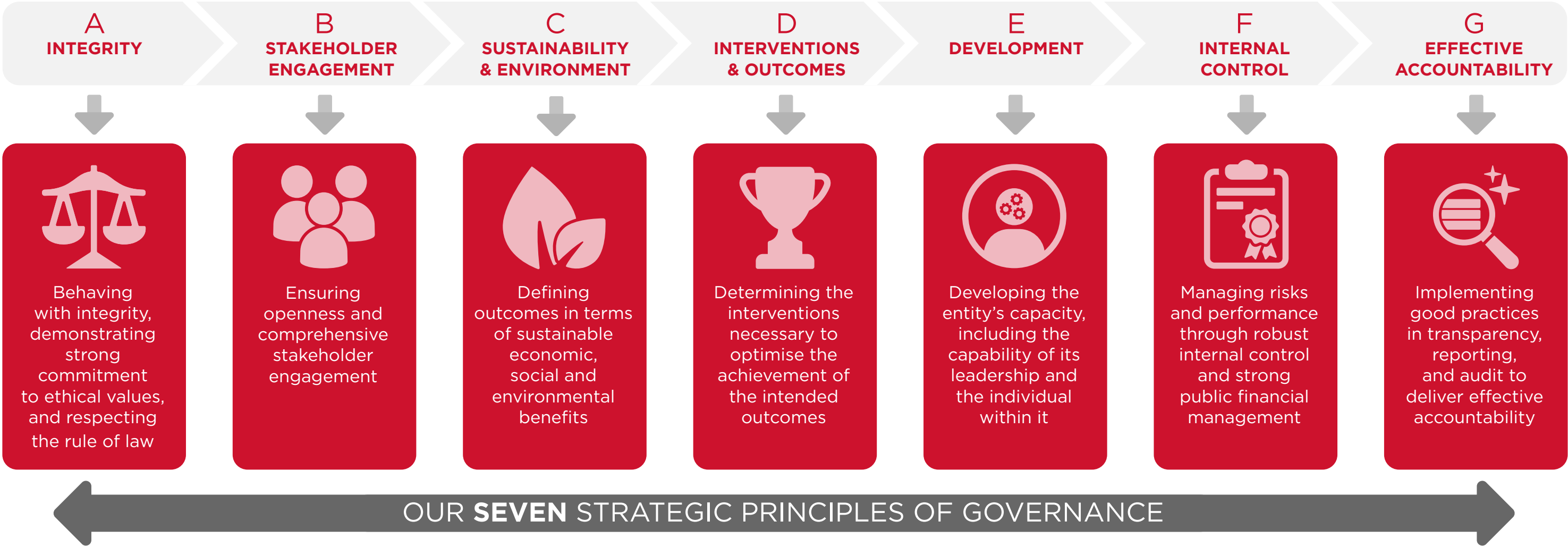


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# 05 SEVEN CORE PRINCIPLES OF THE AGS

LNER ADHERENCE TO THE **SEVEN CORE PRINCIPLES** SET OUT IN THE CIPFA/SOLACE FRAMEWORK



SECTION 7 provides a summary of actions taken by LNER in relation to each of these seven core principles and details our current strengths and challenges for each area.



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# APPLICATION OF THE CORE PRINCIPLES



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## 06 APPLICATION OF THE CORE PRINCIPLES

**A. INTEGRITY**  
**B. STAKEHOLDERS  
ENGAGEMENT**

Principles A and B are part of our culture, reflect the way we do business and ensure that we act with integrity and put our stakeholders at the heart of our vision and purpose.

**C. SUSTAINABILITY**

**D. INTERVENTIONS  
AND OUTCOMES**

**E. DEVELOPMENT**

**F. INTERNAL  
CONTROL**

**G. ACCOUNTBILITY**

PRINCIPLES C TO G REFLECT HOW WE MAKE DECISIONS AND MANAGE OUR BUSINESS TO ACHIEVE OUR VISION BY DELIVERING ON OUR SIX BUSINESS PRIORITIES.



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# GOVERNANCE ASSURANCE FRAMEWORK



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# 07 GOVERNANCE ASSURANCE FRAMEWORK (Principle A)

## WHAT DO WE HAVE IN PLACE ALREADY AND WHERE ARE WE IMPROVING ON THIS?



### PRINCIPLE A: INTEGRITY

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

STRENGTHS		AREAS WE ARE ENHANCING
At LNER we have an Executive sponsor for each area of diversity, demonstrating our commitment to provide visible leadership and change and to drive progress against the initiatives outlined in our Equality, Diversity and Inclusion Strategy. In addition, we have signed the Business in the Community Race at Work Charter, a public commitment to improving outcomes of our BAME employees, became a signatory of the rail industry Equality, Diversity and Inclusion (EDI) Charter, achieved the Bronze Inclusive Employers' Standard and became listed for a further year as one of the UK's Top Employers.	The organisation has captured risks relating to the Corporate Criminal Offence, which forms part of the Criminal Finance Act 2017, into a specific Risk Register to ensure that there are sufficient controls in place to mitigate risks. There is a dedicated Senior Accounting Officer Risk Register in place which is also subject to regular review to ensure our controls in this area are captured, deemed to be appropriate and regularly reviewed by relevant control owners on a timely basis.	A comprehensive suite of e-learning is in place, whilst training and awareness of laws and regulations could be improved across the organisation to ensure that all employees are aware of any legal and compliance implications as part of their role. However, work has been ongoing with this and the learning management system has been updated and improved to provide a more robust reporting facility to identify any gaps in colleagues' learning.
We have an in house Senior Legal Counsel who acts as a key support function in providing professional legal advice across the organisation. We also have a dedicated Employee Relations team, supported by a retained legal team providing employment law advice.	There is an LNER Code of Conduct in place, which has recently been reviewed and disseminated to all colleagues across the business. In addition, the code is also sent to colleagues prior to commencing work at LNER when contracts are issued.	There are a range of relevant policies and procedures that are stored on LNER's intranet site, Connect. That said, there are enhancements required to this to ensure all policies and procedures are reviewed and updated on a timely basis and that any updated documentation is communicated to all relevant employees.
There are dedicated Committees, Steering Groups and teams in place right across our organisation to support and lead on compliance with all relevant laws and regulations. These include the People and Policy Group and the People Steering Group. We also have a number of partnerships in place with specialist Subject Matter Experts to support robust compliance within LNER.	We provide our people with role-based training, facilitated through a variety of means from classroom or virtual learning, online e-learning opportunities and practical on the job training delivery to support our people in fully understanding the standards and rules which apply to them and the roles they perform within LNER.	



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## 07 GOVERNANCE ASSURANCE FRAMEWORK (Principle B)

### WHAT DO WE HAVE IN PLACE ALREADY AND WHERE ARE WE IMPROVING ON THIS?



#### PRINCIPLE B: STAKEHOLDER ENGAGEMENT

Ensuring openness and  
comprehensive stakeholder  
engagement

#### STRENGTHS

To engender engagement with community stakeholders, from political representatives to local authorities and chambers of commerce, we run a calendar of regular engagement sessions, offering all our stakeholders the opportunity to engage with our plans and priorities in detail. We have also introduced a newsletter, keeping stakeholders abreast of changes to our services and other important updates from across the business. We are also part of an industry wide Comms group focused on the May 2023 timetable change to ensure stakeholders remain informed.

We actively engage with the Consortium of East Coast Main Line Authorities (ECMA) which is a cross-party group of Councils, Combined Authorities and Scottish Regional Transport Partnerships throughout the area served by the East Coast Main Line. ECMA works to secure investment, improve the passenger experience, improve capacity and reliability and shorten journey times on the East Coast Main Line.

Various measures are in place to support internal colleague engagement including Yammer (our internal social media platform), Connect (our internal business hub for information), our Coronavirus Micro-site (which includes everything colleagues need to know about changes due to COVID) and our weekly 'News and Views' email which goes out to all colleagues.

We are continuously engaging with the Department for Transport and regularly meet/engage/liase with them on all areas of the business with our engagement seen as 'Best in Class'. In addition we also jointly employ the Head of Performance as part of the East Coast Partnership.

Internal Communications plays a vital role in supporting our people and their engagement with our business priorities and our learning and leadership resources. Our in-house Internal Communications team worked with colleagues to launch a range of new channels, resources and events to support colleagues through the pandemic and other strategic business changes, such as those brought by the East Coast Upgrade. Work is continually ongoing in this area to ensure our communications are constantly improving.

Our customer experience strategy is underpinned and driven by customer-led insight and engagement. To enhance this, LNER have just launched the Customer Heartbeat programme which identifies, analyses and acts on insights in to our customers experience with the goal of finding out what is most important and going to have the biggest impact. This data is shared across the business to relevant stakeholders to ensure customer experience and engagement remains at the forefront.

We have an LNER Accessibility Forum in place where we regularly engage with a panel of disabled customers to gain feedback, discuss ongoing challenges and respond to questions from the panel.

In addition, we have an Equality Impact Assessment process which should be followed/considered as part of any new business activities however, it is acknowledged that work is still ongoing to further embed this process.

#### AREAS WE ARE ENHANCING

LNER have a Fares Utopia initiative aimed at developing a deeper understanding of the needs and wants of different customer groups around fares, reservation-only services, and flexibility. Although improvements have been made, further changes are being progressed to simplify fares for our customers.

A company wide empowerment scheme is being developed for roll out to all relevant staff, to encourage engagement with customers and optimise opportunities for 'real time' resolutions.



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# 07 GOVERNANCE ASSURANCE FRAMEWORK (Principle C)

## WHAT DO WE HAVE IN PLACE ALREADY AND WHERE ARE WE IMPROVING ON THIS?



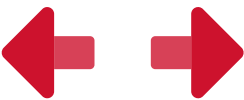
### PRINCIPLE C: SUSTAINABILITY & ENVIRONMENT

Defining outcomes in terms  
of sustainable economic,  
social and environmental  
benefit

STRENGTHS		AREAS WE ARE ENHANCING
<p>Love the Journey is our Responsible Business approach. It supports our vision to be the most loved, progressive and responsible way to travel for generations to come. This approach identifies three key areas where we can and will bring about positive change. These are:</p> <p>Places with Heart: helping to create thriving communities up and down our line.</p> <p>People with Heart: putting the wellbeing of our people and customers at the heart of our business.</p> <p>Business with Heart: doing everything we can to minimise our environmental impact, today and in the future.</p>	<p>Our Business Plan includes specific commitments to reduce our environmental impact, including through the introduction of in-station waste segregation, reducing plastic bottle usage through the fitting of water refill points, and by focusing on reducing our carbon footprint.</p> <p>As part of the above we have introduced corporate social responsibility metrics, such as including Social Value measures in tender evaluations, which has to date delivered more than £7.7m, as well as auditing and monitoring suppliers from a Modern Slavery perspective.</p>	<p>We are making appointments to key roles including a sustainable procurement specialist in our Procurement Team and an Environment Project Manager within our Estates Team to ensure that environmental sustainability is considered more broadly, from design/concept, to investment/business case and through to delivery.</p>
<p>Our Community Investment Strategy, part of our Responsible Business Strategy, identifies the social issues that affect our people, customers, and communities which we feel we can have the greatest positive impact on. We address these issues through various means including the provision of funds through our Customer and Community Investment Fund, with the projects selected by our customers and colleagues.</p>	<p>Our Environmental Sustainability Strategy is guided through application of our ISO 14001 and ISO 50001 certified energy and environmental management system, and strengthened through our partnerships with Network Rail, industry groups, station tenants, cleaners, and colleagues. We will continue to embed the energy and environmental management system through the business and develop a defined framework to support this which will be communicated to employees.</p>	<p>We are working closely with industry partners to facilitate research in to air quality both on trains and at stations to ensure risks to environmental health are understood and better mitigated. This coincides with further work to better manage our other impacts such as those arising from water wastage, nuisance noise and the impact of our operation or facilities on biodiversity.</p>



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# 07 GOVERNANCE ASSURANCE FRAMEWORK (Principle D)

## WHAT DO WE HAVE IN PLACE ALREADY AND WHERE ARE WE IMPROVING ON THIS?



### PRINCIPLE D: INTERVENTIONS & OUTCOMES

Determining the interventions necessary to optimise the achievement of the intended outcomes

#### STRENGTHS

There is a clearly defined Business Plan which is regularly reviewed and updated to reflect the current position of the business which has clearly defined actions, outcomes and measures in place to monitor delivery.

A Business Strategy Team is in place with the remit to shape, evolve and challenge our Business Plan through defining our strategy and ultimately governing its performance and delivery.

The LNER Board defines the direction of LNER, setting policy and strategy regarding future development and provides oversight and challenge of the day to day operation, ensuring adequate systems and processes are maintained to measure and monitor LNER's effectiveness, efficiency and economy as well as the quality of its safety, service delivery and governance arrangements.

We have an industry leading capability to ensure decisions at LNER are made using data and insight. The Analytics and Insight Team cover key areas such as **Data Visualisation, Efficiencies, Forecasting** and **Customer Insight**. In particular, the LNER customer insight programme enables customer-focused and commercially viable decision-making across LNER via a range of insight tools.

We have an effective complaints handling process in place with all complaints being managed and monitored by a dedicated team within our Customer Solutions Centre.

We work extremely closely with bodies such as Transport Focus and London TravelWatch to ensure that the way in which we address customer feedback is constantly being reviewed and enhanced.

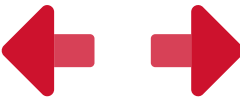
#### AREAS WE ARE ENHANCING

Our Performance Team have created our Performance Leadership Statement setting out clearly how we will all go about ensuring excellent performance. The five key elements of this are: Our Vision, Our Strategy, Our Plans, Objectives and Reviews.

LNER are driving efficiencies by bringing together data from across the business and beyond which is now actively being used to automate, deliver cost savings, and improve the customer experience. LNER's Data Centre of Excellence has been established with the purpose of unlocking the power of data for decision making, efficiency and business growth whilst collaborating with the wider industry to identify further opportunities to realise this ambition.



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# 07 GOVERNANCE ASSURANCE FRAMEWORK (Principle E)

## WHAT DO WE HAVE IN PLACE ALREADY AND WHERE ARE WE IMPROVING ON THIS?



### PRINCIPLE E: DEVELOPMENT

**Developing the entity’s capacity, including the capability of its leadership and the individual within values, and respecting the rule of law**

#### STRENGTHS

LNER has an established performance appraisal process in place to ensure staff performance is regularly monitored, reviewed and enhanced.

There are a range of learning tools available to all of our employees including Mindtools, comprehensive leadership programmes, coaching and mentoring programmes as well as support for study towards professional qualifications with a formal professional development programme in place. As part of this, we have introduced a World Class Managers development programme, available to all members of the management team.

LNER has been recognised as a Top Employer by the Top Employers Institute which recognises the business for our excellent work in areas such as colleague health and wellbeing, work environment and performance development, including the capability of our leadership.

As a business, LNER have a number of apprentices right across the business. LNER are an accredited apprenticeship provider and have been made part of the Education and Skills Funding Council. This has allowed us to deliver training aligned to agreed Apprenticeship Standards. Work is still ongoing to further strengthen and improve our arrangements in relation to this and there has been recruitment within the business to gain additional skills and knowledge in this area.

Each year the company undertakes an annual survey to measure employee engagement with a follow up survey conducted six months later to review progress. As a progressive employer we have moved away from traditional annual engagement surveying, to a ‘Dynamic Listening’ platform. This enables us to monitor more regularly how our people are feeling and drive agile plans for continuous improvement, driving a better employee experience and identifying further opportunities to increase the capability of our people.

One of the key employee experience initiatives is the introduction and maintenance of succession and talent plans that enable career development and support movement of employees within the business. To further enhance this, we are launching a visual career journey which will help colleagues build a visual progression pathway, taking them from their current role into the next – and how to get there. It will also signpost colleagues to continuous development opportunities.

#### AREAS WE ARE ENHANCING

Although LNER have a suite of mandatory (and voluntary) e-learning available, work is ongoing to monitor compliance and ensure that colleagues are completing these as required. A new system has been introduced which allows colleagues to access e-learning via their mobile and now has the facility to log completion, send reminders to colleagues and escalate to managers, there is still work to be done in this area to further enhance the controls in place and ensure this becomes part of the culture.

A significant amount of work has been completed in relation to Equality and Inclusion within LNER in terms of appointments, plus we are key advocates of the Women in Rail programme designed to help attract more females to roles in the industry. A new Equality, Diversity and Inclusion Manager has recently joined the business to further strengthen this within LNER but there is also more work being done in this sphere.



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## 07 GOVERNANCE ASSURANCE FRAMEWORK (Principle F)

### WHAT DO WE HAVE IN PLACE ALREADY AND WHERE ARE WE IMPROVING ON THIS?



#### PRINCIPLE F: INTERNAL CONTROLS

**Managing risks and performance through robust internal control and strong public financial management**

##### STRENGTHS

As well as an established Audit Committee, we have a dedicated in-house Internal Audit Team in place and action plans have been agreed with management to address any recommendations arising from their activities. In addition, there are various other assurance functions across the business (e.g. Engineering, Information Security, Health and Safety, etc) to ensure LNER manage the risk of compliance with relevant standards.

LNER has a Security, Safety, Health and Environment Committee in place responsible for the review of the operation of the management system and its maturity within LNER, reviewing the safety audit plan and any external audit reports and assesses whether management is setting an appropriate 'culture of internal control and risk management' within the Company in relation to health, safety, security, and environment.

There is a clearly defined process in place in relation to Risk Management with Strategic and Corporate Risk Registers maintained, updated and reported to the Audit and Risk Committee quarterly. In addition to this, there are Risk Champions in place now across the business who providing an almost real time update of our risk profile.

LNER has continued to respond strongly to the financial challenge associated with our ongoing business recovery from the pandemic and delivered over £30m of cost savings against budget in 2021/22. We have continued to regularly challenge all lines of the budget – with a zero-based budget policy underpinning the start point for the review of all discretionary, controllable spend.

LNER has a dedicated in-house Information Security team in place. This team of suitably qualified professionals collaborate with all areas of the business to ensure that best practice is followed in respect of information security and that appropriate controls are in operation to address this key business risk area. In addition to the various applications and information security awareness programs, LNER has achieved ISO27001 certification to ensure a baseline level of information security is established across the company.

We have issued our '10 Essential Steps to Protect our Finances' to the organisation to ensure that key messages regarding the financial management within the organisation are clearly articulated and understood. In addition, the team have been running webinars on different subjects relating to financial management for all colleagues to join.

##### AREAS WE ARE ENHANCING

LNER have a Business Resilience Manager in place who has been carrying out extensive work on our Business Continuity Plans, Incident Management Plans and ensuring that LNER is as resilient as possible. This has also included providing and offering training for all managers across the business to become trained in a contingent role, secondary to their primary role. Further work is ongoing to ensure that business continuity arrangements are firmly embedded across LNER.

A formal whistleblowing framework and policy is in place within LNER. This has been reviewed within the last 12 months but work is ongoing to further improve and enhance this process before being clearly communicated to all staff.



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# 07 GOVERNANCE ASSURANCE FRAMEWORK (Principle G)

## WHAT DO WE HAVE IN PLACE ALREADY AND WHERE ARE WE IMPROVING ON THIS?



### PRINCIPLE G: EFFECTIVE ACCOUNTABILITY

Implementing good practices in transparency reporting and audit to deliver effective accountability

STRENGTHS		AREAS WE ARE ENHANCING
We have an independent Internal Audit team with additional specialist assurance functions throughout the business (e.g. Safety, Engineering, Information Security, etc). There is also an Audit Committee who meets on a quarterly basis underpinned by dedicated Terms of Reference to enable independent assurance for the business on the adequacy and effectiveness of the governance arrangements and internal control environment.	We have specific customer reports that we produce and circulate online twice a year. These reports include key information relating to improvements and investments being made for the benefit of our customers and a summary of how we are performing against our key metrics such as in customer experience and train performance.	A significant amount of work has gone on in relation to expanding our assurance network outside of the organisation through the development of peer reviews, cross TOC assurance forums and more collaboration in terms of best practice sharing between different areas of the industry. This has led to the creation of a dedicated industry risk forum, the key output of which is improved best practice sharing, focussed on providing an industry wide perspective of audit and risk. These networks continue to be enhanced to leverage even more opportunities to improve.
We have a suite of policies and strategies published on the website to ensure a more transparent reporting culture is in place (e.g. the Gender Pay Gap report, Responsible Business Strategy, Ethnicity Pay Gap report, etc).	LNER use a cyber threat intelligence platform, IntSights, to search the clear and dark web for any cyber threats that may affect the brand and reputation of the company. This provides an enhanced audit measure to mitigate against an increasing area of business risk.	The Internal Audit Team is currently facilitating a project group looking at Project Governance across the business and trying to create a more streamlined process which ensures all areas of the business consider every aspect as required when starting a new business activity. This will serve to strengthen the arrangements in place in relation to project management and allow for greater transparency.
We have a formal gifts and hospitality policy in place underpinned by an electronic portal to submit, approve and capture the details of all offers made to staff. Our Internal Audit team have oversight of all requests and the outputs from this system are reported to our Audit Committee every quarter.	There has been significant work done in relation to our sustainability requirements to ensure we are meeting all relevant legislation and are open and transparent in terms of our reporting on this. As part of this LNER have voluntarily published climate related financial disclosures as recommended by Financial Stability Board's Task Force on Climate Related Financial Disclosures.	LNER acts in accordance with the Freedom of Information (FOI) Act legislation and has an FOI publication scheme in place. Specialist resources are in place to ensure our reporting in this area is correct, complete and made within required timescales. Further work is ongoing to improve this process.



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# KEY NEXT STEPS



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# 08 KEY NEXT STEPS

As touched upon in Section 4, over the past 12 months there has been various projects and initiatives undertaken to further strengthen and embed the governance arrangements in place across LNER. That said, as a business LNER strives for continually driving improvements, and governance is no exception.

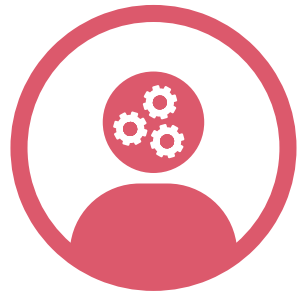
There are a number of activities, either in flight or planned, which will be included as part of next year’s Annual Governance Statement. The Internal Audit Team plan to couple these with further enhancements to the maintenance of the statement itself through:



Identification of new items for inclusion, together with progress of the actions detailed in the principles, will be subject to quarterly review with key Subject Matter Experts.



We plan to introduce nominated individuals from across the business to act as Champions for key governance areas (such as Business Resilience, Health and Safety, Contracts, etc). This will further enhance the current arrangements and allow for a more regular communication channel between the Internal Audit Team and the responsible officers in key areas across LNER to understand how governance is being managed and flag what improvements are being made.



We intend to further develop our Corporate Governance framework through the introduction of a Code of Corporate Governance.



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# APPENDICES



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**LNER**

## APPENDIX A COLLABORATIVE ASSURANCE WITHIN LNER

**The Internal Audit team are just a single part of a wider network of audit, risk and assurance specialists within LNER. The activities of each of these teams form a fundamental part of the governance arrangements within the organisation and play a major role in the items listed in the AGS.**

Although not exhaustive, this includes our colleagues within the following teams:

- Safety Assurance Team
- Information Security Team
- Engineering Assurance Team
- Employee Relations Team
- Performance Assurance Team
- Sustainability Team
- Catering Assurance Team



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## APPENDIX B KEY GOVERNANCE ROLES AND RESPONSIBILITIES

DOHL	<ul style="list-style-type: none"><li>• Provides a support and stewardship role to LNER, promoting effective governance of its operations.</li><li>• Promotes best practice within the DOHL Group and wider rail industry.</li><li>• Ensures that LNER is operating in accordance with the Services Agreement, health and safety obligations and the terms of its licences.</li></ul>
THE LNER BOARD	<ul style="list-style-type: none"><li>• Main decision making body for LNER.</li><li>• Approves the organisational strategy, key policies and budgetary frameworks.</li></ul>
AUDIT COMMITTEE	<ul style="list-style-type: none"><li>• Provides independent assurance to the Board on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment.</li><li>• Promotes high standards of member conduct.</li><li>• Approves the Annual Statement of Accounts and Annual Internal Audit Plan.</li></ul>
EXECUTIVE TEAM	<ul style="list-style-type: none"><li>• Implements the policy and budgetary framework set by the LNER Board.</li><li>• Contributes towards the effective corporate management and governance of LNER.</li></ul>
INTERNAL AUDIT	<ul style="list-style-type: none"><li>• Provides independent assurance and annual opinion on the adequacy and effectiveness of the governance, risk management and control framework of LNER.</li><li>• Delivers an annual programme of risk based audit activity, including counter fraud and investigation activity.</li><li>• Makes recommendations for improvements in the management of risk.</li></ul>
EXTERNAL AUDIT	<ul style="list-style-type: none"><li>• Audit / review and report on LNER's financial statements, providing an opinion on the accounts.</li></ul>
MANAGEMENT TEAM	<ul style="list-style-type: none"><li>• Responsible for developing, maintaining and implementing LNER's governance, risk and control framework.</li><li>• Contribute to the effective corporate management and governance of LNER.</li></ul>



# APPENDIX C RISK GOVERNANCE STRUCTURE



## Other Developments:

- TCFD Risk Register
- Contingency Planning Risk Register
- Covid Risk Register
- Senior Accounting Officer Risk Register
- Corporate Criminal Offence Risk Register
- Various Directorate level Risk Registers

## Other Formal Risk Arrangements:

- Project Risk Management in place
- Operational Safety Risk Management – SHEC
- Information Security Risk Register



To be the most loved, progressive and responsible  
way to travel, for generations to come.

