

Transport for the North Transport for the North Chief Executive Consultation Call (Board) Agenda

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| Date of Meeting | Wednesday 09 June 2021 |
| Time of Meeting | 1.00 pm |
| Venue | Virtual |

Filming and broadcast of the meeting

This meeting is not a formal meeting of the Transport for the North Board but is being held as a Consultation Call by the Interim Chief Executive under the delegated powers of the Chief Executive to take action in consultation with Members of the Board. Following the Consultation Call the Chief Executive will take delegated actions having regard to the consultation.

The Agenda and reports for the Consultation Call are being made available to the public and the Call is being livestreamed on the Transport for the North website to ensure openness and transparency. Members of the Board will attend the Call virtually.

This Consultation Call will replace the Transport for the Board Meeting scheduled for 9th June 2021 but which has been cancelled due to concerns about Covid 19.

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| 1.0 | Welcome and Apologies | |
| 2.0 | Declarations of Interest Members are required to declare any personal, prejudicial or disclosable pecuniary interest they may have relating to items on the agenda and state the nature of such interest. | |
| 3.0 | Minutes of the Previous Meeting To note the minutes of the meetings held on 24 March 2021 and 16 April 2021 and to consider any requests for updates on matters contained therein. | 3 - 14 |

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| 4.0 | Governance Report Members are asked to consider the report from the Head of Legal. | 15 - 26 |
| 5.0 | Financial Outturn 2020/21 Members are asked to consider the report from the Finance Director. | 27 - 40 |
| 6.0 | Spending Review Planning Members are asked to consider the report from the Finance Director and the Strategy and Programme Director. | 41 - 48 |
| 7.0 | Government White Paper - Great British Railways: The Williams-Shapps Plan for Rail Members are asked to consider the report from the Strategic Rail Director, presented by the Interim Chief Executive. | 49 - 62 |
| 8.0 | Manchester Recovery Task Force Members are asked to consider the report from the Strategic Rail Director, presented by the Interim Chief Executive. | 63 - 72 |
| 9.0 | Northern Powerhouse Rail - Integrated Rail Plan Update and Programme for Strategic Outline Case Submission Members are asked to consider the report from the Interim Chief Executive. | 73 - 80 |

Transport for the North Board Minutes

Wednesday 24 March 2021

Present:

John Cridland (Chairman)

Attendee

Cllr Lynn Williams
Cllr Craig Browne
Cllr Gittins
Cllr Keith Little
Cllr Matthews
Mayor Andy Burnham

Cllr Daren Hale
Cllr Michael Green
Cllr Liam Robinson
Cllr Carl Marshall
Cllr Richard Hannigan
Cllr Don Mackenzie
Cllr Heather Scott
Cllr Hans Mundry
Cllr Susan Hinchcliffe
Cllr Andy D'Agorne

Local Authority

Blackpool;
Cheshire East;
Cheshire West & Chester;
Cumbria;
East Riding of Yorkshire;
Greater Manchester Combined
Authority;
Hull;
Lancashire;
Liverpool City Region;
North East Combined Authority;
North Lincolnshire;
North Yorkshire;
Tees Valley;
Warrington;
West Yorkshire Combined Authority;
York;

Rail North Authorities Attendees

Councillor Chris Brewis

Lincolnshire

Local Enterprise Partnership (LEP) Attendees

Steve Curl
Mark Rawstron
Mark Roberts
Lucy Winskell
Matthew Lamb
Peter Kennan

Cumbria LEP
Lancashire LEP
Leeds LEP
North East LEP
North Yorkshire LEP
Sheffield City Region LEP

Partners in Attendance:

Nick Harris
Lorna Pimlott
Sir Peter Hendy
Ben Smith

Highways England
HS2
Network Rail
Department for Transport

Officers in Attendance:

| Name | Job Title |
|----------------|---------------------------------------|
| Barry White | Chief Executive |
| Gary Rich | Democratic Services Officer |
| Dawn Madin | Director of Business Capabilities |
| Iain Craven | Finance Director |
| Tim Foster | Interim Strategy & Programme Director |
| Julie Openshaw | Head of Legal |
| Rosemary Lyon | Legal and Democratic Services Officer |
| Jeremy Acklam | IST Director |
| Peter Molyneux | Major Roads Director |
| Tim Wood | Northern Powerhouse Rail Director |
| David Hoggarth | Strategic Rail Director |
| Deborah Dimock | Solicitor |

Item No:

1. Welcome & Apologies

- 1.1 The Chairman welcomed Members and apologies were noted.
- 1.2 The Chairman noted that this was the Chief Executive's final TfN Board Meeting. He highlighted the attributes that he has brought to the post and his achievements during his three years as Chief Executive. On behalf of the Board the Chairman thanked him for all his hard work and wished him well for the future.
- 1.3 The Chief Executive thanked the Chairman for his kind words as well as highlighting other larger and smaller projects that he and the TfN Team have been involved in during his time as Chief Executive. He expressed thanks to both the Chairman and the Board for their support and challenge during his time in the job and wished the Board and TfN great success in the future.
- 1.4 Mayor Burnham thanked the Chief Executive and stated that he has been true to the Board during his time as Chief Executive. He added that the voice of the North has become louder on the issue of transport under his leadership.
- 1.5 Sir Peter Hendy updated that Board on the interim report of his United Kingdom Connectivity Review. He explained that one of the key points that he will make in his final report is the need for wider economic appraisal which is the basis for bringing forward transport investment which will help the levelling up agenda and economic growth for the United Kingdom as a whole.

He also stated that there is widespread interest in exploring a UK network to replace the EU Trans European Network which was designed to identify routes across the union to create EU wide jobs, growth, housing and social cohesion.

The final report will be complete by August 2021.

2. Declarations of Interest

2.1 There were no declarations of interest.

3. Minutes of the Previous Meeting

3.1 The minutes of the meeting of the Transport for the North Board held on 18 February 2021 were considered.

3.2 The Chairman explained that the Chief Executive has followed up on all the action points from the previous Board meeting.

Members were also informed that the Secretary of State had made positive comments at the Acceleration Council meeting on 23 March about HS2 and that the plan would sequence HS2 with NPR.

3.3 Cllr Hale questioned when the IRP would be published. The Chairman stated it would not before the election period.

Resolved:

That the minutes of the Transport for the North Board held on 18 February 2021 be approved as a correct record.

4. Business Plan

4.1 Members received the Business Plan from the Finance Director and the Interim Strategy Manager and Programme Director. The Chief Executive highlighted the key parts of the report. He explained that it had been a truncated business planning process and thanked the Members' working group and the Finance Director and his team for their work in pulling the plan together. The Chief Executive stated that this is an ambitious work programme for the year ahead.

4.2 Members raised a number of issues relating to the business plan, including accessibility of transport for disabled users, the National Bus Strategy, Freight, and the Northern Transport Charter.

- 4.3 Mr. Mark Rawstron requested that recognition be given to local schemes which are embedded in the programmes and can have a disproportionate economic benefit in areas and emphasised the importance of this message not being lost. He also requested that the plan should be written in clear and understandable language with a succinct Executive Summary.
- 4.4 Cllr Gittins suggested that it should be called a recovery and renewal plan rather than a business plan.
- 4.5 In response to the issue of inclusion the Interim Strategy and Programme Director explained that this is an important part of Strategic Transport plan. He further explained that work has been commissioned on a pan-Northern study on how transport can enable/exclude people from opportunities. It is anticipated that a report on this will be presented to TfN Board in the late summer.

Regarding Freight, he explained that the Freight Strategy will be pivotal and that post Integrated Rail Plan (IRP) this strategy will also be presented to the Board.

- 4.6 The Chief Executive committed to bringing back to Board and the Rail North Committee information on the accessibility of stations and the intended future investment programme.

He also expressed concern regarding a “patchwork quilt” of ticketing schemes. He explained that he hoped that rail reform will create a platform that will allow multi-mode to be developed across local authority areas.

Addressing the issue of local schemes, the Chief Executive said that he would ensure that the smaller schemes are highlighted within the business plan.

He explained that there is a legal duty to publish a Business Plan however TfN will explore how to bring out the recovery and renewal element.

Resolved:

That the Board approves the 2021/22 Business Plan, and delegates to the Chief Executive responsibility for the finalisation of the document as required.

5. Budget

- 5.1 Members received the Budget and Reserve Strategy report from the Finance Director. The Finance Director then highlighted the key parts of the report before taking comments and questions from Members.

- 5.2 Cllr Hinchcliffe asked how TfN will deliver against the budget and at pace. She also raised the issue of mechanisms that can be used in order to move the budget around if required.

In response the Finance Director explained that there is a specific issue around NPR and how that budget is set and controlled. This is because it is a co-cliented project with discrete processes that need to be undertaken with DfT in order to draw down the funds. He also stated that the Integrated Rail Plan is a risk which may impact on the NPR business plan and the budget.

On the issue of delivering Core funded activity to budget, he noted that the issue raised by Cllr Hinchcliffe is recognised and that additional processes are being implemented to allow TfN to act quickly in moving funding between priorities. He also stated that there are reserve activities, consistent with the priorities in the business plan, that can be brought in should activities fall behind.

- 5.3 Cllr Gittins raised the issue of ethical investments.

The Finance Director explained that TfN has a very straightforward set of cash deposit arrangements based on its Treasury management Strategy and uses a narrow range of institutions including DMADF and Barclays, However, TfN will explore the issue of ethical investment when it carries out the annual review of its TMS.

Resolved:

- 1) That TfN Board approves the revenue budget and capital programme as presented in the paper and Appendix 5.1.
- 2) That TfN Board approves the reserve strategy as presented in the report
- 3) That TfN Board notes the Outturn Report included at Appendix 5.2.
- 4) That TfN Board approves the Annual Treasury Management Strategy as presented in Appendix 5.3 & 5.4.

6. Corporate Risk Register

- 6.1 The report of the Risk Manager was received by Members and the report was taken as read.

Resolved:

- 1) That the report and the Corporate Risk Register be noted.

- 2) That subject to any required amendments the content of the Corporate Risk Register as a reflection of the current position be approved.

7. Decarbonisation Strategy Approval

- 7.1 Members received the report and presentation on the Decarbonisation Strategy from the Principal Environmental and Sustainability Officer who highlighted the key points in the report and presentation.
- 7.2 The Chairman stated that he had received a supportive letter from Mr. Anthony Rae on behalf of a number of environmental organisations.
- 7.3 Members were supportive of the strategy and endorsed both the strategy and the trajectory.
- 7.4 Cllr Hale requested some additions in relation to the freight section in the decarbonising rail section of the strategy.

The Principal Environmental and Sustainability Officer agreed to tighten up the wording within the strategy in order to recognise Cllr Hale's comment.

- 7.5 Mayor Burnham requested that decarbonisation should not be seen as separate to competing priorities to improving public transport across the North of England.

He also requested that the 2045 date be a backstop date.

The Principal Environmental and Sustainability Officer stated that in order to have a 2045 trajectory it would require many of the areas to move quicker than 2045.

- 7.6 Mark Rawstron stated that decarbonisation is an opportunity to drive economic growth in the north.
- 7.7 Cllr Gittins highlighted the importance of removing freight from the roads and made a number of suggestions including rail heads, canals and a hydrogen refuelling network.
- 7.8 Cllr Hinchcliffe suggested that key messages from across the North should be combined at COP26.
- 7.9 Mr. Steve Curl highlighted the importance of recognising the importance of this on rural economies.
- 7.10 The Chairman highlighted that the biggest progress on achieving climate change has been made in the energy field on generation of electricity, with transport being seen as a "hard to reach" sector. He stated that the date set by TfN was an ambitious and achievable target, however it

will still require transformational change, including mode shift and moving to electric heavy goods vehicles. He also stated that there would be faster progress in different parts of the North and hoped that the target could be reached sooner than 2045.

Resolved:

That the Board agree TfN's Decarbonisation Strategy for public consultation, utilising the recommended Decarbonisation Trajectory, incorporating a close to zero date of 2045.

8. Governance Report

- 8.1 Members received the report of the Head of Legal Services who highlighted the key issues in the report.
- 8.2 Mr. Peter Kennan stated that the General Purposes Committee should be representative of the membership of the board and involve LEPs as well.
- 8.3 The Chairman supported Peter Kennan's view that the committee should reflect balance of Board Membership.

Resolved:

- 1) That the Board agrees to:
 - a) Extend the appointment of the Independent Members of the Audit and Governance Committee for further 3 years;
 - b) To increase the number of Independent Members of the Audit and Governance Committee to 4 and make the appropriate Constitutional amendments;
 - c) To recruit a new Independent Member of the Committee with a 3-year term.
- 2) That the Board receives the report on the General Purposes Committee and in accordance with Part 4 of the report agrees to the consultation exercise with Board Members on future decision-making structures and to set up a Members' Working Group to review the arrangements for the Committee with a view to recommendations being reported to a future Board meeting for approval.
- 3) That the Board notes the position in relation to virtual Board and Committee meetings and requests that the position be kept under review and a further report be brought to a future meeting should the legal position change.

9. Any Business Which the Chair is Satisfied is Urgent

- 9.1 There was no urgent business that needed to be discussed.

10. Exclusion of Press and Public

To resolve that the public be excluded from the meeting during consideration of Items 11 and 12 on the grounds that:

- (1) It is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during such item(s), confidential information as defined in S100A(2) of the Local Government Act 1972 (as amended) would be disclosed to them in breach of the obligation of confidence; and/or
- (2) it / they involve(s) the likely disclosure of exempt information as set out in the Paragraphs [where necessary listed below] of Schedule 12A of the Local Government Act 1972 (as amended) and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

11. Part 2 Minutes of the Previous Meeting

- 11.1 That the private minutes of the meeting of the Transport for the North Board held on 18 February 2021 were considered.

Resolved:

That the private minutes of the Transport for the North Board held on 18 February 2021 be approved as a correct record

12. Any Business Which the Chair is Satisfied is Urgent**Chief Executive Recruitment Update**

- 12.1 The report was received by Members who were then invited to ask questions and make comments.

Resolved:

That the report of the Director of Business Capabilities be noted.

Transport for the North Board Minutes

**Friday 16 April 2021
Virtual**

Present:

John Cridland (Chairman)

Attendee

Cllr Gittins
Cllr Richard Burton
Mayor Andy Burnham

Cllr Michael Green
Cllr Liam Robinson
Cllr Paul Stewart
Cllr Stewart Swinburn
Mayor Dan Jarvis
Cllr Hans Mundry
Cllr Susan Hinchcliffe
Cllr Andy D'Agorne

Local Authority

Cheshire West & Chester;
East Riding of Yorkshire;
Greater Manchester Combined
Authority;
Lancashire;
Liverpool City Region;
North East Combined Authority;
North East Lincolnshire;
Sheffield City Region;
Warrington;
West Yorkshire Combined Authority;
York;

Rail North Authorities Attendees

Councillor Chris Brewis

Lincolnshire

Local Enterprise Partnership (LEP) Attendees

Roy Newton
Steve Curl
Mark Rawstron
Mark Roberts
Lucy Winskell
Peter Kennan

Cheshire & Warrington LEP
Cumbria LEP
Lancashire LEP
Leeds LEP
North East LEP
Sheffield City Region LEP

Partners in Attendance:

Graham Botham

Network Rail

Officers in Attendance:

Name
Barry White
Gary Rich
Julie Openshaw
Rosemary Lyon

Job Title
Chief Executive
Democratic Services Officer
Head of Legal
Legal and Democratic Services Officer

Peter Molyneux
Tim Wood

Major Roads Director
Northern Powerhouse Rail Director

Item No:

1. Welcome & Apologies

- 1.1 The Chairman welcomed Members and apologies were received from Cllr Scott, Mayor Houchen, Cllr Les, Cllr Mackenzie, Cllr Waltham, Cllr Hannigan, Cllr Forbes and Cllr Sanderson.
- 1.2 The Chairman paid tribute to His Royal Highness Prince Philip before Members observed a minutes silence in respect of His Royal Highness passing.

2. Declarations of Interest

- 2.1 There were no Declarations of Interest.

3. Chief Executive Appointment and Interim Arrangements

- 3.1 The Chairman informed Members that the Appointment Panel had identified Mr. Martin Tugwell as the preferred candidate for the position of Permanent Chief Executive and Mr. Tim Wood as Interim Chief Executive whilst Mr. Tugwell completes his notice period.
- 3.2 As a Member of the Appointment Panel Cllr Gittins informed Members that the interview process had been robust and that following the second interview the Panel was unanimous in its decision to recommend Mr. Tugwell for appointment. She commented that Mr. Tugwell had made a number of commitments during the interview process and is keen that these commitments be delivered. These comments were echoed by fellow Panel member Cllr Brewis.
- 3.3 Members' comments were supportive of the appointment of Mr. Tugwell on a permanent basis and Mr. Wood on an interim basis.
- 3.4 Members agreed with Cllr Robinson who commented that at this critical time for the organisation Mr. Tugwell will need to make an immediate impact. He suggested that one to one meetings with each of the constituent authorities should be arranged as soon as practical and that early objectives should be set for him, suggesting that the General Purposes Committee could lead on this with a report being submitted to the next TfN Board meeting in order to shape these objectives.

- 3.5 The Chairman explained that Mr. Tugwell has committed to meeting with all Board Members and where possible he will look to do this prior to taking up post.
- 3.6 Mr. Mark Rawstron highlighted the support that LEPs have received from the current Chief Executive and requested that this continue under the new Chief Executive.
- The Chairman assured Mr. Rawstron that this matter was discussed at interview.
- 3.7 Members expressed their thanks to the Appointment Panel for all its hard work during the process and also thanked the current Chief Executive for all his hard work over the last three years. Members wished Mr. White well for the future.
- 3.8 The Chairman outlined the thorough nature of the interview process and thanked the Stakeholder Panel for their its work and wished Mr Tugwell and Mr. Wood well.

Resolved:

- 1) That the TfN Board approves the appointment of Mr. Martin Tugwell as permanent Chief Executive and Head of Paid Service subject to completion of all required pre-employment and medical clearances;
- 2) That the TfN Board will consider and agree the required management arrangements for the permanent and Interim Chief Executive roles, noting the most pressing matter is setting of probationary objectives and performance review during this period;
- 3) That the TfN Board approves the appointment of Tim Wood as acting Chief Executive and Head of Paid Service between 21 April and 15 May and Interim Chief Executive with effect from 16 May 2021 until such time the next permanent Chief Executive commences employment.

4. Governance Report

- 4.1 Members received the report from the Head of Legal. The Chairman explained that the report was for noting and that Members would be updated as the legal proceedings move forward.
- 4.2 Cllr Hinchcliffe raised concern about the fact that the Board maybe unable to have proper debate going forward.

The Chairman commented that should the Integrated Rail Plan (IRP) be published in late May and formal meetings be unable to take place virtually then he envisages that the meeting on 9 June will be a consultative Board call to discuss the IRP and any other matters. Members' attention was drawn to the provision in the Constitution that allows the Chief Executive to make delegated decisions on behalf of the Board should this be required.

Resolved:

That the Board notes the position in relation to virtual Board and Committee meetings and requests that the position be kept under review.

5. Any Business Which the Chair is Satisfied is Urgent

- 5.1 Following a briefing meeting for Rail North Committee Members Mayor Burnham raised the issue of the May 2022 timetable and related infrastructure issues. Members then discussed the issues raised at length.

Resolved:

That the update be noted.

6. Exclusion of Press and Public

- 6.1 There were no matters of urgent business.

7. Any Business Which the Chair is Satisfied is Urgent

- 7.1 There were no matters of urgent business.

Transport for the North Chief Executive Consultation Call

Subject: Governance Report

Author: Deborah Dimock, Solicitor

Sponsor: Julie Openshaw, Head of Legal

Meeting Date: Wednesday 9 June 2021

1. Purpose of the Report:

- 1.1 For Members to consider arrangements for the appointment of a new Chair of the Transport for the North Board and of the Partnership Board following the resignation of John Cridland.
- 1.2 To advise Members of the Transport for the North Board on legal requirements for the holding of future Board and Committee Meetings
- 1.3 To provide an update to Members on the review of the General Purposes Committee and for Board.

2. Executive Summary

- 2.1 Having served TfN for nearly six years from its inception through statutory status to its current position of maturity, John Cridland has now announced his intention to retire from Transport for the North and so Transport for the North needs to make arrangements to replace him both as Chair of the TfN Board and as Chair of the Partnership Board. Transport for the North now needs to consider how it wishes to appoint its new Chair and whether it wishes to continue to have an Independent Chair who combines the position of Chair of the Board and of the Partnership or whether it wishes to appoint either or both of these positions from among the existing members of the Board.
- 2.2 Following the expiry of the special arrangements made to enable Local Authorities to hold meetings virtually during the pandemic Transport for the North now needs to consider how it will conduct its meetings going forward with the return of in person meetings. In particular the Board needs to consider the use of the Chief Executive's Consultation Calls to replace meetings where possible and desirable and amendments to the Constitution to enable Members not physically in the meeting to contribute to debate although not being present for quorum or voting purposes.

- 2.3 At the Transport for the North Board Meeting on the 24th March 2021 The Board decided to hold a review of the Terms of Reference of the General Purposes Committee and agreed to set up a Members Working Group to carry out the review and to report back to the Board. This report provides an update on the review.

3. Appointment of the Chair of the Board and Partnership Board

- 3.1 The current Chair, John Cridland has served as the Chair of both the TfN Board and the TfN Partnership Board since the inaugural meeting of TfN in April 2018. Prior to that he was the Independent Chair of the Transport for the North Partnership Board having been appointed to this position in 2015. Having served TfN for nearly six years from its inception through statutory status to its current position of maturity he has now announced his intention to retire from Transport for the North and so Transport for the North needs to make arrangements to replace him both as Chair of the TfN Board and as Chair of the Partnership Board.
- 3.2 Regulation 2 of the Sub-national Transport Body (Transport for the North) Regulations 2018 (the TfN Regulations) provides for TfN to appoint a Chair each year from among the Members and Co-opted Members of the Board. Regulation 4 of the TfN Regulations requires TfN to establish a Partnership Board and provides for the TfN Board to appoint a person to chair the Partnership Board. The Regulations are silent as to whether the person appointed should be a member of TfN or the Partnership Board and therefore a person who is not already a member of the Board may be appointed as the Chair of the Partnership Board. The Regulations provide that whoever is appointed as Chair of the Partnership Board will become a co-opted member of the TfN Board without formal co-option by the Board and so would become eligible to be Chair of the TfN Board. In this case there is not requirement for a unanimous decision of all the voting members of TfN to agree to the co-option as is the case for any other co-option onto the Board.
- 3.3 The Prospectus submitted to Government before TfN was established as a statutory body referred to the Partnership Board being chaired by the person appointed by TfN “as the independent chair”. However the requirement for an independent chair was not included in the TfN Regulations and so the Chair could be appointed from among the existing members of the Partnership Board if the Board so chose. It is also open to the Board to appoint someone with no existing connection to TfN.
- 3.4 The Transport for the North Constitution provides for the Chair of the Partnership Board to be an Independent Chair and provides that the person appointed shall not be or have previously within the last 5 years been an elected Member of any Local Authority within the Transport for the North area. If the Board now wish to appoint a Chair of the

- Partnership Board who does not meet this criteria it would need to amend the Constitution to allow for this. An amendment of the Constitution requires a super majority of more than 50% of the voting members who between them hold not less than 75% of the population weighted votes.
- 3.5. At its Inaugural Meeting the TfN Board appointed John Cridland, the existing independent Chair of the Partnership Board, as the Chair of the TfN Board as well as of the Partnership Board. However there is no requirement for both positions to be held by the same person and it would be possible for the positions of the Chair of the Partnership Board and of the TfN Board to be held by different people. The Chair of the Partnership Board if not already a member becomes a co-opted Member of the TfN Board but not its Chair unless separately appointed to that position.
- 3.6 The Chair of the TfN Board must be elected from among the members or co-opted members of the TfN Board.
- 3.7 The position of Chair of the Partnership Board has always been a contractual position for which remuneration is paid. TfN does not pay allowances to Members of the Board or its Committees other than to the Independent Members of the Audit and Governance Committee and if the Chair of the TfN Board were to be elected from among the existing members of the Board it is not anticipated that a Chair's allowance would be paid. The TfN Regulations make no provision for the payment of Members Allowances and the payments to Independent Members have been paid under the general ancillary powers provided by Section 102M of the Local Transport Act 2008.
- 3.8 The Board now needs to decide whether it wants to appoint a new Independent Chair to the TfN Partnership Board or whether it wants to appoint a Chair from among the existing members. If it wants to appoint an independent chair the Board will need to agree a recruitment procedure and the essential requirements for the post such as a local connection to the North and proven experience in transport issues. If the Board decide to appoint the new Chair of the Partnership Board from among the existing elected members on the Partnership Board the Board would first need to pass the necessary resolution to amend the provisions of Appendix 5 of the Constitution which require the Chair of the Partnership Board to be independent. There would be no recruitment procedure and the election will take place in the normal way. Nominations will be called for prior to the Annual Meeting on 27th July 2021 and in the event of more than one nomination the appointment shall take place by way of a vote decided on the basis of a simple majority of members who together hold more than 50% of the population weighted vote.
- 3.9 If an election were to take place from among the existing Members of the Board, there would be no need for Members nominated for appointment to declare an interest in the item of business or to refrain

from voting on the matter. Chair of the Board or the Partnership Board is not classed as a disclosable pecuniary interest in the prescribed list of disclosable pecuniary interests set out in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 and it is not considered to affect the financial interests or wellbeing of a Member so as to be a personal interest that would need to be disclosed. There is no rule of law or local protocol which would debar a Member from taking part and voting in such an election even if they were one of the nominees for appointment.

3.10 It would also be open to TfN to invite a prominent individual to take the position of Chair of the Partnership Board without recruitment. An invitation to become Chair of the TfN Board would need unanimous support as a co-option unless the person invited was first appointed Chair of the Partnership Board whereupon they would automatically become a co-opted member of the TfN Board and eligible for appointment as Chair of the Board.

3.11 The Board will need to decide whether it wishes to continue the practice of the same person holding the position of Chair of the Partnership Board and Chair of the TfN Board. If not the appointment to position of Chair of the Board would also proceed as an election at the Annual Meeting with a call for nominations and the appointment being decided by members who together hold more than 50% the population weighted votes.

4. Way Forward

4.1 If Members indicate that they would wish to appoint an Independent Chair of the Partnership Board, officers will work with the Members Working Group and back proposals for the recruitment procedure to the Board at its meeting in July.

4.2 Members will also need to indicate whether they wish to appoint the same independent person as the Chair of the Board so that appropriate information can be provided in the recruitment exercise.

4.3 Members have already formed a Members Working Group comprising Cllr Louise Gittins, Cllr Susan Hinchcliffe and Peter Kennan to look at the question of the General Purposes Committee and it would be appropriate to widen the remit of this group to general governance issues and include the recruitment of an independent chair if that is required.

4.4 Following the recruitment exercise proposals for the appointment of the Chair of the Board would be reported to the Board at its meeting in September. In the meantime the role of Chair of the Board would need to be carried out by one of the two Vice Chairs and an interim Chair of the Partnership Board would need to be appointed by the Board. These appointments would need to be made at the July meeting of the Board.

- 4.5 If Members decide that they now wish to appoint the new Chair of the TfN Board and Chair of the Partnership Board from among existing members nominations will need to be made to the Monitoring Officer preferably five days before the Annual Meeting in July although nominations will be accepted up until the meeting and at the meeting.
- 4.6 In conclusion the options now available are as follows:
- To appoint an Independent Chair of both the Partnership Board and to the TfN Board;
 - To appoint an Independent Chair of the Partnership Board and a Chair of the TfN Board from among the existing Members and Co-opted Members of the Board;
 - To appoint a Chair of the Partnership Board from among the members of the Partnership Board who are **not** elected Members of a Constituent Authority (e.g. a LEP member) and a Chair of the Board from among the existing Members and Co-opted Members of the Board;
 - To amend the Constitution and appoint a Chair to both the TfN Board and the Partnership Board from among the existing Members and co-opted Members of the TfN Board.

5. Future Meetings Arrangements

- 5.1 As Members of the Board are aware, specific arrangements were made during the pandemic to allow Local Authorities to hold their formal decision-making meetings virtually with remote attendance via on-line applications such as Zoom or Microsoft Teams. These provisions were time limited to end on 7th May 2021. A number of Local Government organisations together brought proceedings in the High Court seeking a Declaration that the Local Government Act 1972 (which governs the holding of meetings) already allowed meetings to be held remotely. The High Court has now held that the wording of the Local Government Act 1972 requires formal meetings to be held at a place with members attending the meeting in person, and that meetings must be open to the public in a physical sense, with the public able to be physically present and local authorities having to provide facilities to enable this.
- 5.2 It should be noted that the requirement for in person meetings only applies to the Board, Rail North Committee, Audit & Governance Committee, Scrutiny Committee and General Purposes Committee (if it was to be called). Meetings of the Partnership Board can continue to be held virtually since this is not a meeting to which the Local Government Act 1972 applies.

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- 5.3 Public Board and Committee meetings will however need to be arranged and managed in accordance with current restrictions and public health advice. This means that in practical terms, for the time being, authorities will need to control the numbers of people physically in the meeting room at any one time in order to comply with Covid-19 restrictions. All Members must be invited to attend a Board or Committee Meeting. There is no provision in the Constitution or in law that would enable only those Members needed for quorum to be invited. This means that the venues chosen to hold meetings will need to be able to safely accommodate up to 40 Board Members, 10 to 12 officers and a number of members of the public in a Covid-secure environment. The Government’s road map to recovery from the pandemic indicates that statutory social distancing measures should be relaxed from 21 June 2021 and thereafter large-scale meetings in indoor venues should be able to resume without provision for a minimum of 2 metres distancing between attendees. However this position is still uncertain given the latest rise in infections caused by new variants of Covid 19.
- 5.4 During the pandemic all virtual meetings have been live streamed on TfN’s website and this has resulted in a significant increase in public attendance at and interest in TfN Board and Committee meetings. Prior to the pandemic, only Board meetings were being filmed and live streamed. For the future, there is a very strong argument to continue to livestream all TfN Meetings whenever possible.
- 5.5 The holding of virtual meetings has significantly reduced the time commitment required by both Members and officers in physically attending meetings due to the lack of travelling time. It is likely that some Members will wish to continue to attend virtually. However the decision of the High Court has ruled out remote attendance as counting towards a quorum or enabling voting rights and there is no provision in the Constitution which would allow Members not present at a meeting to take part virtually. Members may wish to consider amendments to TfN’s Constitution which would allow Board and Committee Members to participate in meetings virtually and to be able to contribute to the debate although not being present for the purposes of quorum and voting.
- 5.6 Transport for the North’s Constitution reserves only a very few decisions to the Board:
1. Approving/amending the budget
 2. Approving/amending the Constitution
 3. Approving/amending the Transport Strategy
 4. Appointing the Chair and Vice Chairs of the Board
 5. Appointing the Statutory Officers
 6. Approving the staffing establishment
 7. Decisions reserved to the Board by statute (such as approving the Statement of Accounts and the Annual Governance Statement)

- 5.7 Paragraph 18.8 (e) of the Constitution makes provision for any other urgent operational decision to be taken by the Chief Executive in consultation with the Members. This consultation does not constitute a formal Committee meeting and so may take place virtually and so a Chief Executive's Consultation meeting could continue to take place via Teams. A Consultation meeting could either take place in public and be live streamed for transparency or could take place in private since it would not be a formal meeting of the TfN Board.
- 5.8 From now on the provisions relating to formal meetings set out in the Local Government Act 1972 will apply to meetings of the Board, Rail North Committee, Audit and Governance Committee and the Scrutiny Committee and subject to the current consultation, also the General Purposes Committee. The Chief Executive's Consultation provisions may also be applied to decisions that would otherwise be taken by these Committees. Where no formal decision on a matter that is reserved to the Board is required, consideration will be given to the holding of Chief Executive's Consultation Meetings rather than formal Board or Committee Meetings.
- 5.9 Other meetings such as Partnership Board , Executive Board, OBT, SMT and all officer meetings and informal Member Working Groups may continue to be held virtually since the provisions of the Local Government Act 1972 do not apply to these meetings.

6. Future Board and Committee Meetings

- 6.1 In view of current uncertainties and some social distancing measures still being in place, it is proposed that the Rail North Committee meeting to be held on the 23rd June 2021 , the Audit and Governance Committee meeting on 10 June 2021 and the Scrutiny Committee meeting on 7th July 2021 should all be replaced by Consultation Meetings and be held virtually: Whilst not operating as formal meetings, in order to demonstrate openness and transparency, these meetings will still be arranged in the same way as formal Committee meetings with the agenda and reports being published and available in advance of the meeting and the public sessions being live streamed but there will not be a physical meeting.

7. The Annual Meeting 27 July 2021

- 7.1 The Annual Meeting has been scheduled for 27 July 2021 and will need to be held as an in-person meeting. The Agenda of the Annual Meeting includes the appointment of the Chair and Vice Chairs of the Board and the adoption of the Constitution for the coming year. These items of business cannot be conducted via a Consultation Call. Similarly, at the September Meeting the Board needs to formally approve the Annual Governance Statement and Statement of Accounts which cannot be done via a Consultation Call.

8. Arrangements for Meetings

- 8.1 Consideration needs to be given to appropriate venues for meetings going forward. At this stage, though the Government has set out the possible position, we cannot yet be certain to what extent the social distancing rules will have been relaxed by 27 July 2021. TfN also needs to take its own view as to the extent it would want to retain social distancing even after national rules have been relaxed. The Chair has previously expressed a preference for non-local authority buildings and for a board room layout. It may not be possible to accommodate this whilst also maintaining social distancing. Arrangements have been made to hold the 27 July Board meeting at the Leeds Hilton Hotel. The hotel has made arrangements to ensure that its premises are Covid secure and can arrange for perspex shields between attendees if required. However the information provided indicates that the room available may not be large enough to accommodate the full Board, officers and members if social distancing measures are maintained.
- 8.2 Other Local Authorities within the TfN area will be making arrangements to move back to formal public meetings in their venues and it is appropriate for TfN to explore whether these are better able to accommodate TfN's formal Board Meetings in a Covid secure manner at least for the immediate future. In particular, initial enquiries are being made regarding the use of Preston and Manchester Town Halls which are both large venues which are well placed for access by rail. Enquires are also being made with Liverpool, and with Manchester hotels. It is likely to be simpler to hold meetings in Local Authority venues because all Authorities will be gearing up to hold their own public meetings in a Covid-secure way, and although capacity may be an issue, may be more likely to have either their own technology which TfN can also use, or compatible arrangements which would not require specialised setting up for each meeting, as is the case with hotels.

9. Review of the General Purposes Committee

- 9.1 Following the decision of the Board to set up a Members Working Group, expressions of interest were invited from all Members of the Board and Cllr Louise Gittins, Cllr Susan Hinchcliffe and Peter Kennan have agreed to form the Members Working Group.
- 9.2 The Terms of Reference of the Members Working Group are:

To carry out a review of the General Purposes Committee and the function and membership of future decision-making structures of Transport for the North and to make recommendations back to the Board.

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- 9.3 In preparation for the March report to the Transport for the North Board the issue was raised with the Executive Board and the Monitoring Officer consulted the legal officers of all the Constituent Authorities . Those responses again raised concerns as to the suitability of the Regional Groups as the basis for membership of the General Purposes Committee.
- 9.4 Following the March Board Meeting and in preparation for this meeting a consultation exercise has been conducted with all Members of Transport for the North Board, Scrutiny Committee and the Independent Members of the Audit and Governance Committee.
- 9.5 There were 14 responses in total from Members and the Members Working Group will consider the consultation responses and make recommendations to the Board. Briefly from the consultation responses there would appear to be support for the concept of the General Purposes Committee or another small Committee with a similar remit. There is also support for the principle that all areas of the Transport for the North area should be represented and for the principle of membership according to regional groups. There was also support for the Committee to include Co-opted Members as well as Constituent Authority representatives. There is much less support for the remit of the General Purposes Committee to include the recruitment, appraisal and disciplinary action in relation to the Statutory Officers although there is some support for an Appointments and Disciplinary Committee.

10. Review of Arrangements for Future Meetings

- 10.1 As reported above the special arrangements that allowed virtual meetings have now come to an end and from now on the Local Government Act 1972 requires formal meetings to be held at a venue with members attending the meeting in person.
- 10.2 At present the Transport for the North Constitution also requires Members to be present at meetings and does not allow for anyone not present in the meeting to join the meeting virtually or to speak at meetings. Going forward Transport for the North may wish to consider amendments to the Constitution which will allow Members to join the meeting virtually and to contribute to the debate although they would not be entitled to vote or be counted as present for quorum purposes.
- 10.3 Transport for the North will also need to consider more generally the arrangements it wishes to make for the holding of future meetings now that these will again have to be in person. It is suggested that the remit of the Members Working Group should be widened to include these other governance matters.

- 10.4 In view of these additional governance issues which need to be addressed it is recommended that the remit of the General Purposes Committee Members Working Group be widened to include these additional governance issues and be re-named the Governance Members Working Group.

11. Recommendations

11.1 Appointment of Chair

1. That Members note the report and advise the Chief Executive whether they wish to recruit and appoint an independent Chair of the Partnership Board from outside the existing members of the Partnership Board.
2. That Members advise whether, if they wish to recruit an independent Chair of the Partnership Board, that person should also chair the TfN Board.
3. That if Members wish to recruit an independent person either to chair the Partnership Board or as the Chair both the Partnership Board and the TfN Board they authorise the Director of Business Capabilities to work with the Governance Members Working Party to draw up recruitment proposals
4. That Members note that a formal report on this matter will be taken to the TfN Board at its Meeting on 27th July 2021 for a decision.

11.2 Arrangements for Meetings

1. That Members receive the information and approve further investigation into the options available for a return to in person attendance at Board and Committee Meetings
2. That Members considers the options available for different ways of working so as to maximise the use of virtual meetings where possible.
3. That Members request that the Members Working Group set up to look at the General Purposes Committee also look at new ways of working following the ending of the virtual meetings provisions and to report back to the Board on any proposed amendments to the Constitution.

11.3 Review of the General Purposes Committee

1. That Members receive the information and agree to widen the remit of the Members Working Group to include other governance issues as mentioned in the report.

List of Background Documents:

There are no background documents

Required Considerations
Equalities:

| | | |
|-------------------------|--|----|
| Age | | No |
| Disability | | No |
| Gender Reassignment | | No |
| Pregnancy and Maternity | | No |
| Race | | No |
| Religion or Belief | | No |
| Sex | | No |
| Sexual Orientation | | No |

| Consideration | Comment | Responsible Officer | Director |
|----------------------|--|----------------------------|-----------------|
| Equalities | A full Impact assessment has not been carried out because it is not required for this report | Julie Openshaw | Dawn Madin |

Environment and Sustainability

| | |
|--|----|
| | No |
|--|----|

| Consideration | Comment | Responsible Officer | Director |
|------------------------------|---|----------------------------|-----------------|
| Sustainability / Environment | A full impact assessment has not been carried out because it is not required for this report. | Julie Openshaw | Dawn Madin |

Legal

| | |
|-----|--|
| Yes | |
|-----|--|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|---|----------------------------|-----------------|
| Legal | The legal implications have been considered and are included in the report. | Julie Openshaw | Dawn Madin |

Finance

| | |
|--|----|
| | No |
|--|----|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|--------------------------------------|----------------------------|-----------------|
| Finance | There are no financial implications. | Julie Openshaw | Dawn Madin |

Resource

| | |
|-----|--|
| Yes | |
|-----|--|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|--|----------------------------|-----------------|
| Resource | The resource implications have been considered and are included in the report. | Julie Openshaw | Dawn Madin |

Risk

| | |
|--|----|
| | No |
|--|----|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|--|----------------------------|-----------------|
| Risk | There are no risks associated with the content of this report. | Julie Openshaw | Dawn Madin |

Consultation

| | |
|-----|----|
| Yes | No |
|-----|----|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|--|----------------------------|-----------------|
| Consultation | A consultation has not been carried out because it is not necessary for this report. | Julie Openshaw | Dawn Madin |

Transport for the North Chief Executive Consultation Call

Subject: Financial Outturn 2020/21

Author: Paul Kelly, Financial Controller

Sponsor: Iain Craven, Finance Director

Meeting Date: Wednesday 9 June 2021

1. Purpose of the Report:

1.1 This report details the financial outturn of TfN for the financial year 2020/21.

2. Executive Summary:

2.1 Over the course of the financial year 2020/21 TfN incurred expenditure of £57.83m set against an opening committed budget (i.e. excluding contingency) of £65.78m, generating a £7.95m underspend.

2.2 TfN's performance against budget was affected by four major factors in the year:

- i. the Covid-19 pandemic;
- ii. the funding uncertainty caused by the postponement of the original spending review and the subsequent late notification of its funding allocation for 2021/22;
- iii. delays to IST business case approvals and the subsequent decision to cease funding and therefore close down the IST programme; and
- iv. the need to focus TfN modelling resources on the NPR programme.

2.3 In its correspondence of 4 January 2021, the Department of Transport set out TfN's funding envelope for 2021/22 and also reduced the in-year core grant allocation from £10m to £7m.

2.4 The core funded expenditure for the year reported in the March 2021 Monthly Operating Report was £7.26m. Subsequent analysis post year-end led to a reallocation between Core and Rail North Partnership funding which resulted in an increase of £0.03m to £7.29m.

3. Outturn and comparison to budget:

- 3.1 TfN's gross budget for financial year 2020/21 was £88.05m, of which £22.27m was contingency. TfN monitors financial performance against the net budget – that is, the budget excluding programme contingency envelopes. The net budget for 2020/21 was £65.78m.
- 3.2 Over the course of the year TfN formally revised its budget twice: after quarter 1, and again after quarter 2. A reforecast was also completed at the end of quarter 3, although that was not submitted for approval due to the timing and substance of the funding letter received from DfT in January 2021. A further reforecasting exercise was conducted in parallel with the 2021/22 budget process.
- 3.3 TfN's performance against budget was affected by four major factors in the year:
- i. the Covid-19 pandemic;
 - ii. the funding uncertainty caused by the postponement of the original spending review and the subsequent late notification of its funding allocation for 2021/22;
 - iii. delays to IST business case approvals and the subsequent the decision to cease funding and therefore close down the IST programme; and
 - iv. the need to focus TfN modelling resources on the NPR programme.
- 3.4 The move to full remote working shortly before the beginning of the financial year directly drove cost reductions in several areas, including travel and stakeholder engagement. The pandemic had a further impact on expenditure during the year in a number of other areas, notably policy development and modelling and analysis where it impacted on our ability to usefully undertake activity (for example work surveying travel patterns and customer experience was deferred). Budget Revision 1 assumed a return to the office in the second half of the year. However, by Revision 2 it was accepted that this was unlikely until the new financial year.
- 3.5 TfN is constituted, and is required to function, as a standalone statutory entity. As members will be aware, TfN has no revenue raising powers, and is almost entirely funded by grants from DfT. Prior to the funding letter that was received at the beginning of January, TfN had very limited certainty with regard to its funding for the 2021/22 budget year. This impacted particularly on core funded activity, where TfN instituted a regime of cost control which reined back commitments that ran into 2021/22. In addition, a vacancy management process was put in place which resulted in c.15% of TfN posts being vacant by the end of the year.
- 3.6 The original budget included £1.15m for the completion in year of quantitative assessment work on the Strategic Development Corridors

(what is now known as the Investment Programme Benefits Analysis or IPBA). This work was removed from Revision 1 as the decision was made that the TAME resources needed to deliver the assignment should focus on the modelling required to support the NPR programme.

3.7 The following table highlights these movements:

| | Base £m | Rev 1 £m | Rev 2 £m | Outturn £m |
|---------------------------------|--------------|--------------|--------------|---------------|
| Programmes: | | | | |
| Northern Powerhouse Rail | 43.78 | 47.31 | 47.62 | 41.59 |
| Strategic Development Corridors | 1.15 | 0.07 | 0.06 | 0.06 |
| Integrated & Smart Ticketing | 9.69 | 9.73 | 9.77 | 8.39 |
| | 54.62 | 57.11 | 57.46 | 50.04 |
| Rail Operations | 2.98 | 2.82 | 2.46 | 2.22 |
| Operational Areas | 8.19 | 8.51 | 7.20 | 5.57 |
| Total Net expenditure | 65.79 | 68.44 | 67.12 | 57.83 |
| Contingency | 22.27 | 18.06 | 9.05 | 0.00 |
| Total | 88.06 | 86.50 | 76.17 | 57.83 |

3.8 The net outturn of £57.83m is a shortfall of £7.95m compared to the original budget. This was caused by a number of underspends across operational areas (£2.62m), NPR (£2.19m), SDCs (£1.09m), IST (£1.3m) and Rail Operations (£0.76m). It is notable (as set out above) that the impact of Covid 19, funding uncertainty, and the need to focus on NPR fell most heavily on Core funded activity (including the SDC work).

3.9 At a gross level (i.e. including contingency), the reduction of £10.33m between Revision 1 and Revision 2 was principally due to the deferral of £8.50m of NPR expenditure into 2021/22 that was previously identified as specific contingency for activity that was intended to be carried out in 2020/21. This includes amounts for ground investigation works (£3.60m), Network Rail (NR) Gap Analysis / Sequencing activity (£4.25m) and modelling (£0.65m). Whilst there was a marginal increase in committed NPR work, this was offset by reductions in the IST forecast as a result of delays to business case approvals and the subsequent withdrawal of programme funding.

3.10 The further gross reduction of £18.34m between the Revision 2 total and the outturn position of £57.83m was also largely driven by NPR where, in addition to the removal of £3.83m of unrequired contingency, there was also a £6.03m reduction in the committed budget for the work required (principally by NR) to deliver the SOC. This effect was exacerbated by further shortfalls of £1.63m in operational areas and £6.6m in IST, including £5.22m of contingency.

3.11 Changes to expenditure forecasts affect TfN's funding position. In the majority of cases, where TfN underspends against its budget its

funding position is simply corrected by drawing down less government grant. However, when underspend was due to be funded from TfN's Core Grant underspend will flow through to reserves. These reserves are then available for future deployment, being matched against slipped activity or deployed to meet anticipated shortfalls between core expenditure (net of recharge to programmes) and funding allocations.

3.12

| Comparison to Net Budget | Outturn | Budget | Variance | Variance |
|---------------------------------|----------------|---------------|-----------------|-----------------|
| | £m | £m | £m | % |
| Programmes: | | | | |
| Northern Powerhouse Rail | 41.59 | 43.78 | (2.19) | (5%) |
| Major Roads | 0.06 | 1.15 | (1.09) | (95%) |
| Integrated & Smart Ticketing | 8.39 | 9.69 | (1.30) | (13%) |
| | 50.04 | 54.62 | (4.58) | (8%) |
| Rail Operations | 2.22 | 2.98 | (0.75) | (25%) |
| Operational Areas | 5.57 | 8.19 | (2.62) | (32%) |
| | 57.83 | 65.78 | (7.95) | (12%) |

Integrated and Smart Programme

3.13

| IST | Outturn | Base | Variance | Variance |
|------------|----------------|-------------|-----------------|-----------------|
| | £m | £m | £m | % |
| Phase 1 | 4.55 | 3.49 | 1.06 | 30% |
| Phase 2 | 1.93 | 2.66 | (0.73) | (27%) |
| Phase 3 | 0.12 | 0.94 | (0.82) | (87%) |
| Phase 4 | 0.22 | 0.93 | (0.71) | (76%) |
| Programme | 1.57 | 1.66 | (0.09) | (6%) |
| | 8.39 | 9.69 | (1.29) | (13%) |

3.14 The IST programme's base budget, excluding contingency, was set at £9.69m. This comprised £4.04m of capital activity - for the completion of Phases 1 and 2 - and £5.64m of revenue activity. Revenue activity included operational costs in relation to Phases 1 and 2, IST programme support and the development of Phases 3 and 4 to progress to Department for Transport business case gateway approval. Outturn expenditure of £8.39m generated an underspend of £1.29m.

3.15 The overspend on Phase 1 reflects the slippage of costs from the final months of the previous financial year, notably as a result of delays to the installation of platform validators in support of the ITSO on Rail scheme. This was reflected by an increase in the Phase 1 budget at Revision 1. Although delivery is substantially complete, some residual activity will complete in the first quarter of financial year 2021/22.

3.17 Phase 2 underspend was driven by savings in the development of the Fares and Disruption Messaging tools and the Open Data Hub. Further enhancements to these tools were proposed as part of TfN's spending

review submission. However, these will not be taken forward as a result of the withdrawal of funding for the programme.

- 3.18 Phase 3 and 4 underspends resulted from delays and uncertainty in the progress of these projects. Although business cases were prepared in quarter 1, their review at IPDC was initially postponed until after the planned spending review. Ultimately the absence of any future funding led to the wind down of this activity.

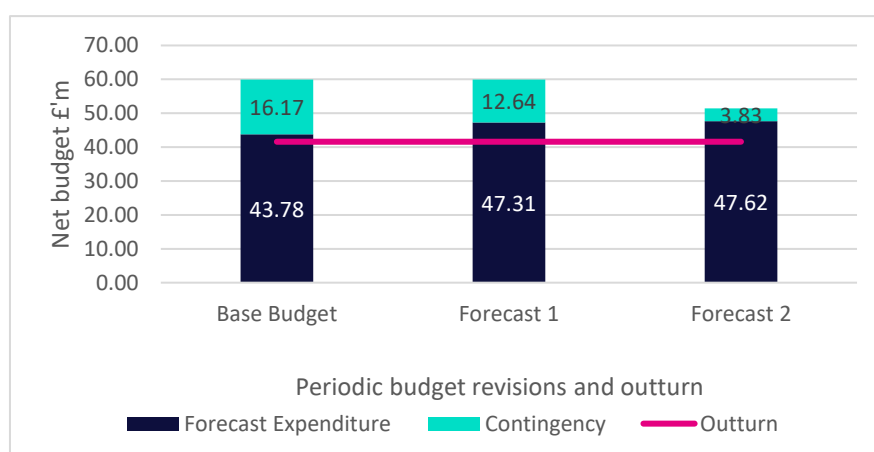
NPR Programme

3.20

| NPR | Outturn £m | Base £m | Variance £m | Variance % |
|----------------------------|---------------|--------------|----------------|---------------|
| Network Rail (DSA) | 26.69 | 26.40 | 0.29 | 1% |
| Programme Development | 7.74 | 7.77 | (0.03) | (0%) |
| TAME | 3.82 | 5.68 | (1.86) | (33%) |
| Programme Support | 3.34 | 3.59 | (0.25) | (7%) |
| NPR Stakeholder Engagement | 0.00 | 0.34 | (0.34) | (100%) |
| | 41.59 | 43.78 | (2.19) | (5%) |

- 3.21 The NPR Programme started the year with a total allocation of £59.95m, which included a base budget of £43.78m, supplemented with additional uncommitted contingency of £16.17m, both to manage inherent contracting risk and to respond to emerging priorities. The outturn position of £41.59m generated an underspend of £2.19m.

- 3.22 Funding made available for the NPR Programme consisted of £0.95m of TfN Core grant and a £59m allocation from the Transport Development Fund (TDF). TDF funding is subject to prior departmental budget holder approval of all expenditure requests by TfN.



- 3.23 At Revision 1 the budget was flexed to reflect the latest NR forecast, using capacity from the uncommitted contingency.

- 3.24 The £8.50m reduction in the gross total between Revision 1 and Revision 2 was principally due to the deferral of expenditure into

2021/22 that was previously identified as specific contingency for activity that was intended to be carried out in 2020/21. This included amounts for ground investigation works (£3.60m), NR Gap Analysis / Sequencing activity (£4.25m) and modelling (£0.65m). At the same time, the committed budget was increased in line with estimates for the work required for the completion of the SOC.

- 3.25 The further reduction of £9.86m between the Revision 2 total and the final outturn position of £41.59m was due to the removal of unrequired contingency as well as significant reduction in the work required by NR in order to deliver the SOC.
- 3.26 Revised forecasts received from Network Rail after the submission of Revision 2 reflected a reduced level of expenditure. Modelling expenditure was also impacted by the on-going pandemic, with the Northern Rail Travel Survey and Customer Experience commissions being deferred. Limited commitment was received from the department to support the delivery of communication activity.
- 3.27 TfN communicated revised NPR forecasts to DfT at mid-year and provided revised outturn forecasts through NPR Programme board reporting and quarterly funding letters, allowing surplus funding to be redeployed at the Department's discretion in-year.

Strategic Development Corridor Programme

- 3.28 The reduced outturn position reflects the delay of Strategic Development Corridor (now called IPBA) activity into 2021/2022. This was the result of a prioritisation decision taken to allow the TAME team to focus on providing support to the NPR programme.

Rail Operations

3.29

| | Outturn | Base | Variance | Variance |
|------------------------|----------------|-------------|-----------------|-----------------|
| | £m | £m | £m | % |
| Strategic Rail | 1.07 | 1.39 | (0.32) | (23%) |
| Rail North Partnership | 1.15 | 1.59 | (0.44) | (28%) |
| | 2.22 | 2.98 | (0.76) | (25%) |

- 3.30 The base budget for Rail Operations included additional resources to deliver the Blake Jones recommendations across both teams. These roles were subject to additional funding being received from DfT that was not forthcoming in 2020/21. This resulted in underspends of £0.2m in Rail North Partnership and £0.07m in Strategic Rail as the incremental resource was not funded and therefore not recruited. The remaining variances reflect vacant roles in the current team structure.

Core Operations

- 3.31 TfN's core operations areas cover the back, front, and middle office teams familiar to any public body. They include the teams that allow TfN to discharge its statutory obligations in relation to good governance and the sound-stewardship of public funds, along with the policy and strategy teams that help shape TfN's activity and its commitment to evidence-based decision making, and the communications and engagement teams that allow TfN to speak with one voice on behalf of the North.
- 3.32 The opening base budget for these teams stood at £8.19m (net) for the year after forecast recharges into the IST programme of £1.00m.
- 3.33 Savings were made over the course of the year as a result of Covid-19 and the uncertainty around funding. Staff and staff related costs were £1.0m lower than the base budget (predominantly due to unfilled vacancies) and savings were made on travel (£0.14m), stakeholder engagement activities (£0.22m) and building maintenance/ICT upgrades (£0.1m) as a consequence of remote working. A number of research projects were delayed and reduced in scope (£0.32m) plus expenditure on system development has not been incurred (£0.3m).
- 3.34 In total, therefore, the operational areas incurred net expenditure of £5.57m, generating an underspend of £2.63m against base budget:

| | Outturn | Base | Variance | Variance |
|-----------------------------|----------------|-------------|-----------------|-----------------|
| | £m | £m | £m | % |
| Leadership | 0.30 | 0.32 | (0.02) | (6%) |
| Finance | 0.87 | 1.35 | (0.48) | (36%) |
| Business Capabilities | 2.62 | 3.78 | (1.16) | (31%) |
| Programme Management Office | 0.16 | 0.32 | (0.16) | (51%) |
| Strategy & Policy | 2.14 | 2.70 | (0.56) | (21%) |
| Major Roads | 0.48 | 0.73 | (0.25) | (34%) |
| Total Expenditure | 6.57 | 9.20 | (2.63) | (29%) |
| Recharges to Programmes | (1.00) | (1.00) | - | 0% |
| Net Expenditure | 5.57 | 8.20 | (2.63) | (32%) |

Underspends were apparent across all of TfN's operational areas driven by the factors set out below.

- 3.35 The underspend within Finance (£0.48m) predominantly related to proposed development of the Enterprise Resource Planning (ERP) system. This work was intended to enable both the provision of improved management information and enhanced functionality to support growing programmes. This work was put on hold in light of uncertainties around IST and TfN funding more widely during the year.

A further £0.1m of savings were made in relation to the flexitime module.

- 3.36 Much of the underspend in Business Capabilities reflected savings made from the change in working practices as a result of Covid restrictions and reduced recruitment activity due to vacancy management. This is mainly seen within HR (£0.3m – predominantly savings on recruitment fees and staff travel passes) and Stakeholder Engagement (£0.3m – representing reduced physical events and two unfilled posts). In addition, there were accommodation cost savings of £0.2m from one unfilled post and reduced premises costs, and deferred costs of £0.1m for IT infrastructure upgrades and enhancements.
- 3.37 The underspend in the Programme Management Office represents unfilled posts, principally the Head of the function.
- 3.38 There was less activity within Strategy & Policy, with projects delayed or reduced in scope due to Covid restrictions (external consultancy expenditure was £0.32m lower than base budget). In addition, the prioritisation of the NPR SOC work meant deferral of costs allocated to support Rail North activities (£0.2m) and led to the postponement of the IPBA. The Head of Modelling role has remained unfilled for part of the year, contributing £0.08m to the underspend.
- 3.39 The Major Roads underspend primarily relates to procurement delays of Mobile Device Data, which resulted in slippage of £0.14m into 2021/22, and a provision of £0.06m for work with Highways England that was not used. The remaining variance is due to a slippage of costs (£0.05m) associated with production of the updated Major Roads report (completion delayed awaiting sign off of TfN's Decarbonisation Strategy and the publication of the Government's Transport Decarbonisation strategy).

4.0 Funding

- 4.1 TfN resourced its expenditure of £57.83m from a mixture of grant, contributions, and contracted income.
- 4.2 Variances between the planned use of resources compared to outturn partly reflect the variances in expenditure. However, the reduction in Core funding and wind down of IST activities has also impacted on expenditure:

4.3

| Funding | Outturn £m | Base £m | Variance £m | Variance % |
|------------|---------------|------------|----------------|---------------|
| Core Grant | 7.00 | 10.00 | (3.00) | (30%) |

| | | | | |
|---|--------------|--------------|---------------|--------------|
| IST Grant (Capital & Revenue) | 8.39 | 9.69 | (1.30) | (13%) |
| Transport Development Fund - Rail (NPR) | 40.64 | 42.83 | (2.19) | (5%) |
| Rail North Grants & Contributions | 1.27 | 1.62 | (0.35) | (22%) |
| Contracted Income | 0.24 | 0.36 | (0.12) | (33%) |
| Core Reserves | 0.29 | 1.29 | (1.00) | (77%) |
| | 57.83 | 65.79 | (7.96) | (12%) |

4.4 The implications of underspend against grant envelopes varies by funding stream as follows:

- IST grant will be used to fund the wind down of the programme and the residue returned to the department.
- TDF grant is made available on an annual basis and awarded on a “need” basis with unused allocations being returned or redeployed at the Department’s direction.
- Rail North grant is received in full by TfN each year, with unused amounts held for future use as grant unapplied.
- Core grant is received in full by TfN each year, with unused resource flowing through to the Core Grant Reserve.

4.5 The budgeted and actual movements in TfN’s Core reserves in year are as follows with variances described above:

| Core Grant Reserves | Outturn £m | Base £m | Variance £m |
|----------------------------|-----------------------|--------------------|------------------------|
| Reserve b/f | 6.96 | 6.47 | 0.49 |
| Draw | (0.29) | (1.29) | 1.00 |
| Reserve c/d | 6.67 | 5.18 | 1.49 |

4.6 The final draw on reserves was £0.13m lower than the forecast outturn reported when the 2021/22 budget was submitted for approval. The majority of this movement (£0.09m) is a result of savings and overlap with activity budgeted for 2021/22. A smaller element (£0.04m) relates to slippage that will be built into Budget Revision 1 and submitted to the Board in July.

5.0 Balance Sheet and Reserves

Reserves and Grants Unapplied

5.1 At the year-end TfN had not applied all the grants that had been received over the course of the year. Dependent on the conditions placed on those grants, TfN holds unused allocations as either:

- Grants received in advance - noting that there are restrictions on these grants that mean they may have to be returned to the Department for Transport if not used.
- Grants Unapplied - this is a reserve for capital grants where conditions of use have been met but the resource has not yet been applied to meet expenditure.
- Earmarked Revenue Reserves - this is a reserve for revenue grants that may only be applied to specific expenditure where conditions of use have been met but the resource has not yet been applied to meet expenditure.
- General Fund Reserves - this our general reserve where revenue grant without restrictions on usage is held - in practice, this is where we hold unused allocations of our Core Grant.

5.2 As at the year-end, unapplied grants held in this manner are as follows:

| 2020/21 | |
|---|-------------|
| £m | |
| Revenue Grants Received in Advance | |
| - Transport Development Fund - Road | 0.01 |
| | 0.01 |
| <u>Usable Reserves</u> | |
| Capital Grants Unapplied | 0.28 |
| - General Fund Reserves | 6.17 |
| - Earmarked: Devolved Powers | 0.50 |
| - Earmarked: IST Grant | 1.25 |
| - Earmarked: RNP Grant | 0.03 |
| Total Usable Reserves | 8.23 |
| | |
| Total Resource | 8.52 |

5.3 These grants will be applied to expenditure in 2021/22 and future accounting periods where possible or be returned to the DfT if the grant conditions require us to do so.

5.4 The Core Grant allocations held in our General Fund Reserve provide the basis for our medium-term financial plan, enabling both an ongoing draw on that resource, as per the 2021/22 Budget Report, to support

key development aspirations and underpinning our risk mitigation around our sensitivity to financial shock.

- 5.5 The 2021/22 budget included a draw on reserves of £2.54m during the year, resulting in forecast closing reserves at 31 March 2022 of £4m. Since that budget was set, closing reserves at 31 March 2021 were £0.13m higher due to slippage, savings and the RNP / core grant reallocation referred to earlier. Slippage of £0.04m is expected to be built into the budget at Budget Revision 1 with the net savings £0.09m flowing to Core Grant reserves.

Balance Sheet

- 5.6 As at the financial year-end, TfN's un-audited balance sheet recognised these grants and reserves along with working capital.
- 5.7 The balance sheet also includes several items required to be shown under international accounting standards, including a provision for untaken leave and specific accounting around pensions liabilities.
- 5.8 The balance sheet can be summarised as follows:

| Balance Sheet 2020/21 | £m | | £m |
|------------------------------|----------------|----------------------------|---------------|
| Assets | | Reserves | |
| Cash & Equivalents | 18.02 | <u>Unusable Reserves</u> | |
| Intangible Asset | 0.00 | Absence Reserve | 0.24 |
| Debtors | 0.50 | Capital Adjustment Account | - |
| | 18.53 | Pension Reserve | 11.89 |
| Liabilities | | | 12.13 |
| Provisions | (0.07) | <u>Usable Reserves</u> | |
| Grants Received in Advance | (0.01) | Capital Grants Unapplied | (0.28) |
| Pension Liability | (11.89) | Earmarked IST Grant | (1.25) |
| Creditors | (10.47) | Earmarked RNP Grant | (0.03) |
| | | Devolved Powers Reserve | (0.50) |
| | | General Fund Reserve | (6.17) |
| | (22.43) | | (8.23) |
| Net Liabilities | (3.91) | Reserves | 3.91 |

- 5.9 The main movements between the balance sheet at March 2020 and March 2021 relate to the treatment of IST Phase 2 intangible assets and the increased pension liability. These two movements taken together, and in particular the magnitude of the pension liability, result in a net liability overall.

- 5.10 In its correspondence of 4 January 2021, the Department of Transport advised the cessation of funding for the IST programme. As a consequence of this decision, TfN was unable to carry these assets for future use and they were impaired in the year. This, coupled with the third and final year of amortization of the ERP system, results in there being no intangible assets at 31 March 2021. The proposed treatment is subject to the external audit process that is due to commence on 7 June 2021.
- 5.11 TfN's creditor balance of £10.46m was elevated at year end by the reclassification of £3.48m of grants relating to the IST programme that were previously held as "received in advance" and will now need to be repaid. A further £0.52m of NPR related TDF that was unused in 2020/21 is also included.
- 5.12 The pension liability has increased as a result of applying the International Accounting Standard (IAS 19) for pension valuation. IAS19 requires that the scheme assets and liabilities are valued at the balance sheet date with reference to specific inflation and discount factors (the latter linked to corporate bond yields). These drivers, when applied to the profile of TfN's pension commitments, have resulted in a £5.81m increase in the pension liability recognised at 31 March 2021. These are accounting adjustments and reflective of being compliant with the standard and should be considered alongside the triannual actuarial valuation around contribution rates referenced above.
- 5.13 The triannual actuarial valuation undertaken in 2019 indicated that TfN was making appropriate contributions to the pension fund to meet its future liabilities. Discussions with GMPF have indicated that this is likely still to be the case.
- 5.14 The draft balance sheet, including the pension liability, will be considered at the Audit & Governance Committee on 10 June 2021. A representative of the Greater Manchester Pension Fund will be in attendance to further explain the key factors driving the IAS19 position and to respond to any questions that committee members may have.

6.0 Recommendation:

- 6.1 That the Board notes the outturn position for 2020/21 and the potential for accommodating slippage from 2020/21 into the revised forecast for 2021/22.

List of Background Documents:

There are no background papers to this report.

Required Considerations

Equalities:

| | | |
|-------------------------|-----|----|
| Age | Yes | No |
| Disability | Yes | No |
| Gender Reassignment | Yes | No |
| Pregnancy and Maternity | Yes | No |
| Race | Yes | No |
| Religion or Belief | Yes | No |
| Sex | Yes | No |
| Sexual Orientation | Yes | No |

| Consideration | Comment | Responsible Officer | Director |
|---------------|---|---------------------|-------------|
| Equalities | A full impact assessment has not been carried out because it is not required for this report. | Paul Kelly | Iain Craven |

Environment and Sustainability

| | |
|-----|----|
| Yes | No |
|-----|----|

| Consideration | Comment | Responsible Officer | Director |
|---|--|---------------------|-------------|
| Sustainability / Environment – including considerations regarding Active Travel and Wellbeing | A full impact assessment has not been carried out because it is not required for this paper. | Paul Kelly | Iain Craven |

Legal

| | |
|-----|----|
| Yes | No |
|-----|----|

| Consideration | Comment | Responsible Officer | Director |
|---------------|---|---------------------|------------|
| Legal | The legal implications have been considered | Julie Openshaw | Dawn Madin |

| | | | |
|--|---------------------------------|--|--|
| | and are included in the report. | | |
|--|---------------------------------|--|--|

Finance

| | |
|-----|----|
| Yes | No |
|-----|----|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|---|----------------------------|-----------------|
| Finance | The financial implications have been considered and are included in the report. | Paul Kelly | Iain Craven |

Resource

| | |
|-----|----|
| Yes | No |
|-----|----|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|---|----------------------------|-----------------|
| Resource | There are no direct resource implications as a result of this report. | Stephen Hipwell | Dawn Madin |

Risk

| | |
|-----|----|
| Yes | No |
|-----|----|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|--|----------------------------|-----------------|
| Risk | There are no material risks associated with this report. | Haddy Njie | Iain Craven |

Consultation

| | |
|-----|----|
| Yes | No |
|-----|----|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|---|----------------------------|-----------------|
| Consultation | A consultation has not been carried out because it is not required for this report. | Paul Kelly | Iain Craven |

Transport for the North Chief Executive Consultation Call

Subject: Spending Review 2021

Author: Tim Foster, Strategy and Programme Director
Iain Craven, Finance Director

Sponsor: Tim Wood, Interim Chief Executive

Meeting Date: Wednesday 9 June 2021

1. Purpose of the Report:

- 1.1 For Members to consider TfN's approach to the forthcoming spending review which is expected to take place later this year.

2. Executive Summary:

- 2.1 The government has said that it will hold a spending review (SR21) later this year. The scope and timetable for the spending review are not known. TfN's funding allocation for the next financial year and subsequent financial years will continue be determined by DfT. As in previous years, this therefore means that TfN is required to align its processes with departmental timelines and requirements.
- 2.2 Given the uncertainty around infrastructure investment, the government's fiscal position and the uncertainty over TfN's future role, we recommend preparatory work on SR21 planning should start in June, using the NTC Member Working Group as an informal sounding board for Board decisions on the approach and the principles outlined in this paper. A more detailed paper seeking steers on the approach will be tabled at the July Board.

3. Background

- 3.1 At the March Budget Statement, the Chancellor indicated his intention to hold a spending review later in 2021. No further detail on scope or timing is currently available to officers.
- 3.2 Recent spending reviews have been limited to one-year rollovers for funding of government departments, with TfN being requested to submit spending plans to the department in the autumn. The 2020 process was announced by the Chancellor on 21 July, with our submission requested by DfT in early September. This left limited time

to consult with Board members. As the Board is aware, our funding settlement was received in early January which also limited the time available to prepare a business plan and budget for the current financial year.

- 3.3 Further to the approach adopted in 2019, TfN will seek to present an overarching financial submission that is based on the delivery of the Strategic Transport Plan and the associated investment pipeline that includes programmes and projects from across the North, including Northern Powerhouse Rail (NPR).
- 3.4 In addition, it is likely that TfN will be required to provide a detailed submission to support both its ongoing operational expenditure and any programme development activity that it proposes to deliver. This will include the cost of further developing the NPR programme, as well as any other scheme development activity that may be identified.
- 3.5 The timetable and scope of a spending review are unknown - government has simply said it will review spending plans later in the year. However, it is likely that its approach will be based on one of three potential scenarios:
- A further, limited one year “rollover” Spending Review covering 2022/23.
 - A multi-year CSR (to Spring 2025) taking existing budgets as a baseline.
 - A zero-based review – as above but without taking departmental budgets as a starting point.

There is also an outside chance of an accelerated process starting this summer and concluding earlier in the year.

- 3.6 The second scenario of a multi-year review is most probable given the government’s fiscal position and time remaining in the current parliament. Based on previous experience, it is likely that we will have confirmation on government plans in July, with initial submissions required in early September. However, the level of uncertainty is significant and we need to start preparing for all eventualities.
- 3.7 There are a number of fundamental uncertainties that will affect the scope and timing of SR21, including:
- The continuing fight against Covid, rollout of the vaccination programme and the ability of government to ease restrictions on travel and social distancing.
 - State of public finances and the speed and nature of the economic recovery now underway. A more uncertain fiscal outlook may cause HMT to delay major spending decisions.

3.8 TfN's approach to the Spending Review is also uncertain because:

- The government has subsumed devolution into the Levelling-Up White Paper, meaning that it is unlikely that further devolution will be announced in the short- to medium-term.
- We are unlikely to be sighted on the policy approaches to be included in the Levelling Up White Paper in time to inform our SR21 submission.
- The Union Connectivity Review – likely to be published this summer and likely to set out proposals for a strategic transport network for the UK.
- There is currently no certainty regarding the timing or content of the Integrated Rail Plan – this creates uncertainty with regard to TfN's future role in advance of the SR21 submission and may mean that NPR and HS2 will dominate asks for long term capital expenditure.

3.9 It is therefore recommended that planning work commences now, and that this is linked to wider work on Northern Transport Charter development, with the intention for more detailed consideration of the approach to be adopted at the July Board. The initial principles on which this will be based are set out below.

4. Initial principles and TfN approach to SR21:

4.1 Given a range of issues currently at stake, we recommend a broader approach than was taken to the 2020 spending review, making the broadest possible case for transport investment in the North, alongside the specific financial asks for TfN as a body. A broader approach is an essential part of securing a successful outcome for the North.

4.2 We propose the following objectives for a successful SR21 outcome:

- Progressing the Northern Infrastructure Pipeline and key infrastructure asks to support the economic recovery, building from the projects identified in the TfN Economic Recovery, including:
 - Continuing to accelerate Northern transport projects already close to delivery where work can start this parliament.
 - Securing commitment to developing core infrastructure to be delivered after 2025 with a strong focus on rail, freight, decarbonisation and local connectivity.
 - Securing commitment to NPR and HS2 and other major schemes if not already confirmed through the Integrated Rail Plan.

- An agreed approach with DfT (and with government) on opportunities for wider collaboration on transport decisions, building on the collaborative approach we are pursuing on the Manchester rail network.
- Securing clear commitment in the Levelling Up White Paper to further devolution of transport funding and powers in line with the Northern Transport Charter.
- Ensuring TfN has sufficient resource to deliver its core mission to on make the case for transformational, sustainable and inclusive pan Northern transport investment. Securing the future of the organisation through a multi-year settlement for TfN would enable us to plan our work with certainty and move to a more efficient operating model.

5 Next steps – activities before the July Board

5.1 Prior to the next TfN Board at the end of July, we will focus on:

- Presenting the “TfN story” – how we add value, the capability we’ve brought to improved decision making and the opportunities for adding further value to national and local partners.
- Pulling together of the key infrastructure asks. In doing so, we will assume the IRP has been published by July and that HS2/NPR are (broadly) secured, in line with the government’s stated commitments
- Starting DfT engagement work on opportunities for STB role enhancement and areas for active collaboration with government, building on the emerging work on Manchester;
- Work with your officers and other key Northern bodies such as NP11 to agree and coordinate messaging and asks.
- Engagement with new Levelling-up Unit to understand plans and identifying opportunities to influence the White Paper;
- Planning external comms and engagement activity to run through the summer. We expect that to focus on the broader levelling up agenda and re-stating the case for pan-Northern connectivity.

5.2 Our intention is to bring a paper to the July Board setting out progress on the above and seeking more detailed consideration from the Board so that the detailed work on the TfN submission can take place over the summer.

6. Recommendations:

1. That the Board note the likely timing of SR21 and the need to commence preparatory work in June.
2. That the Board agree the high-level approach outlined in section 4 of this report.

List of Background Documents:

There are no background documents

Required Considerations
Equalities:

| | | |
|-------------------------|--|----|
| Age | | No |
| Disability | | No |
| Gender Reassignment | | No |
| Pregnancy and Maternity | | No |
| Race | | No |
| Religion or Belief | | No |
| Sex | | No |
| Sexual Orientation | | No |

| Consideration | Comment | Responsible Officer | Director |
|----------------------|---|----------------------------|-----------------|
| Equalities | A full Impact assessment has not been carried out because it is not required for this report. | Lucy Jacques | Tim Foster |

Environment and Sustainability

| | |
|--|----|
| | No |
|--|----|

| Consideration | Comment | Responsible Officer | Director |
|------------------------------|---|----------------------------|-----------------|
| Sustainability / Environment | A full impact assessment has not been carried out because it is not required for this report. | Lucy Jacques | Tim Foster |

Legal

| | |
|-----|--|
| Yes | |
|-----|--|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|---|----------------------------|-----------------|
| Legal | The legal implications have been considered and are included in the report. | Julie Openshaw | Dawn Madin |

Finance

| | |
|--|----|
| | No |
|--|----|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|--------------------------------------|----------------------------|-----------------|
| Finance | There are no financial implications. | Paul Kelly | Iain Craven |

Resource

| | |
|-----|--|
| Yes | |
|-----|--|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|--|----------------------------|-----------------|
| Resource | The resource implications have been considered and are included in the report. | Stephen Hipwell | Dawn Madin |

Risk

| | |
|--|----|
| | No |
|--|----|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|--|----------------------------|-----------------|
| Risk | There are no risks associated with the content of this report. | Haddy Njie | Iain Craven |

Consultation

| | |
|--|----|
| | No |
|--|----|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|--|----------------------------|-----------------|
| Consultation | A consultation has not been carried out because it is not necessary for this report. | Lucy Jacques | Iain Craven |

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Transport for the North Chief Executive Consultation Call

Subject: Government White Paper – Great British Railways: The Williams-Shapps Plan for Rail

Author: David Worsley

Sponsor: David Hoggarth

Meeting Date: Wednesday 9 June 2021

1. Purpose of the Report:

- 1.1 This report provides an overview of the Williams-Shapps White Paper, highlights the value that Transport for the North brings to the rail sector and sets out the next steps to establish a strong role for Transport for the North that delivers for the North's passengers and freight customers.
- 1.2 Sir Peter Hendy has been invited to the meeting to speak to the Board on this issue and answer initial questions.
- 1.3 The Board is recommended to consider and agree next steps and seek clarity on Transport for the North's role in the emerging industry structures and agree for updates to be provided by Sir Peter at each future Transport for the North Board meeting.

2. Background:

- 2.1 The Department for Transport's White Paper entitled *Great British Railways: The Williams-Shapps Plan for Rail* was published on Thursday 20th May 2021. It is the culmination of Keith Williams' review of the industry, initiated following the May 2018 timetable problems and the reversion of the East Coast franchise to directly operated status. There are many principles in the White Paper that reflect changes Transport for the North has been calling for including the joining up of track and train and the creation of a single guiding mind.
- 2.2 A summary of the White Paper recommendations can be found in Appendix 1. The principal recommendations include the creation of a new public body, Great British Railways (GBR), intended to provide readily identifiable and accountable leadership for the railway industry, bringing together track and train. GBR will operate the railway network and undertake long-term planning. It will collect revenue from fares (including bearing the revenue risk), set most

fares and timetables, and manage a website which will sell tickets and provide a single point of contact for information. GBR will incorporate the functions of Network Rail (i.e. to own, maintain, renew and enhance the infrastructure), and receive some functions from the Department for Transport (DfT) and the Rail Delivery Group. There will be measures to increase workforce diversity in GBR and the wider industry, including stretch targets in contracts and collaboration with further education institutions.

- 2.3 It is intended that the fares system will be simplified, with new flexible season tickets (for use 2 to 3 days per week) on sale from 21st June 2021 and valid for use from 28th June 2021. There will be a clearer system for claiming passenger compensation (via the GBR website), with more rapid moves towards pay-as-you-go contactless ticketing (e.g. digital tickets for smartphones). Walk-on off-peak and season ticket prices will be protected as at present.
- 2.4 The franchise system will be replaced by Passenger Service Contracts (PSCs), focussing on punctuality and improved efficiency. The PSCs will be based on Transport for London's contracts for Overground and Docklands Light Railway services. Arrangements for track access (between GBR and the train operating companies) will replace the current compensation system, making it easier and cheaper for GBR to plan maintenance, renewals and enhancements. New opportunities for open access operators will be explored, whilst other operators will be given commercial freedom (e.g. to introduce new fares and share revenue with GBR) as rail demand recovers.

3. The White Paper and Devolution Opportunities:

- 3.1 The White Paper states that "Existing devolved administrations and authorities across Great Britain will continue to exercise their current powers and to be democratically accountable for them" (p. 30).
- 3.2 There is no indication that the current partnership arrangement with Transport for the North will not continue in some form. However, Transport for the North's role in the future industry structure is not clearly defined, due to the following features of the White Paper:
- Transport for the North's role as the only Sub-National Transport Body to have statutory status is not mentioned;
 - Subsequent discussion at the Transport Select Committee has seen DfT talk about local authorities being "informed clients" and stakeholders, but this could be a step back from the statutory role enjoyed by Transport for the North and its partners;
 - All accountability will rest with GBR, who are in turn accountable to Ministers;
 - Network Rail's current regional structure (with separate regions covering the East and West of Northern England) will be retained in

- GBR, which could make delivery of east-west connectivity benefits across the North less easy; and
 - Reorganisation could impact the delivery models of the major programmes covered by the forthcoming Integrated Rail Plan (including Northern Powerhouse Rail).
- 3.3 The Executive has already engaged with the DfT and review team on the next steps and indicated that we stand ready to contribute to the establishment of the new model in the North. Although it will take several years to fully establish the new organisation through legislation, the review team has indicated the desire to get on and deliver on the principles whilst working through the considerable detail still required. This provides opportunities for Transport for the North to shape the final outcome and to put forward short-term initiatives that demonstrate the North is ready to deliver. It should be noted that as Transport for the North is already fully representative of its elected members, it is prepared for devolution of powers.

4. Establishing Transport for the North's Future Role:

- 4.1 As the structure and context of the railway industry changed during the pandemic, Transport for the North set out four key priorities for the Northern rail network's future. Members reiterated that they wish to see local **accountability** to the communities served by rail, with decision-making **decentralised** as far as possible. Members also wish to see a rail industry which is **transparent** and collaborative, and better **integrated** with other modes of transport.
- 4.2 Transport for the North is in a unique position to realise these goals, as it is an established organisation with statutory powers, and has a track record of achievements in rail. For example, in the wake of the May 2018 timetable problems (which hit services in the North severely), Transport for the North was able to take the lead in securing emergency timetables, deploying an independent expert to oversee the recovery, and implementing passenger compensation. However, the White Paper indicates that the system of control within GBR will be based on existing Network Rail regions, which means that the North would be split between two business units which will reflect (and likely prioritise) north-south connections rather than the east-west links which Transport for the North recognises as economically vital. Transport for the North's ability to influence the response to future similar performance problems thus needs to be clarified.
- 4.3 A core feature of the White Paper is the joining together of track and train by incorporating Network Rail into GBR. Transport for the North is already working closely with Network Rail in the North. We have developed a Memorandum of Understanding to help govern our relationship with Network Rail; this covers issues such as our legal duties, common objectives, areas in which we can collaborate, and potential future projects. Transport for the North be able to enter into

more productive liaison with Network Rail as a result of this and we therefore should seek to maintain and deepen our relationship with Network Rail during the transition to GBR.

- 4.4 A specific issue referenced in the White Paper (p. 14) is the estimated capital costs that Network Rail are quoting for proposed infrastructure investments. This is a topic which has caused great concern to Transport for the North, as our own rail professionals have collected evidence which illustrates that several proposed enhancements have been estimated to cost three times or more than comparable infrastructure has cost to build, even in recent years. We are also concerned that train performance for operators in the North is almost uniformly poorer than elsewhere in Britain, and that the knock-on effect of rail congestion at performance hotspots (such as Manchester and Leeds) has not been taken into account fully when assessing the business case for ameliorating measures.
- 4.5 There is a clear opportunity to use Transport for the North's expertise to influence long-term strategy and promote the transformational pan-Northern growth to which we aspire. We have already influenced policy in this area by making the case for the rolling stock investment which has improved rail journeys across the North, whilst the incorporation of our *Long Term Rail Strategy* (Jan. 2018) into the *Strategic Transport Plan* (Feb. 2019) has ensured that rail schemes are prominent in the case which is being built for a Northern transport programme and budget. The White Paper states that GBR will be required to develop a 30-year strategy in addition to the current Network Rail 5-year plans; this presents an opening for Transport for the North to align GBR's plans with our *Strategic Transport Plan*, whilst deploying our cutting-edge appraisal tools (Northern Rail Modelling System & Northern Economy and Land Use Model) to strengthen the case for investment in our region's network.
- 4.6 The White Paper also emphasises ongoing decarbonisation as part of DfT's priorities for the industry, with further details to emerge in a future *Transport Decarbonisation Plan*. This provides a further opportunity to advance Transport for the North's agenda and influence national policy, as our analytical toolkit includes detailed consideration of how carbon emissions will be impacted by potential trends in future transport and urban geography. The work done already for our *Future Travel Scenarios* report (Dec. 2020) can inform strategic choices that will be made by GBR and other government agencies over the coming decades.

5. Next Steps:

- 5.1 It is proposed that the following steps are taken to develop Transport for the North's role:

1. Emphasise the importance of a pan-Northern role for Transport for the North under the new rail structures, using the available evidence for our ongoing impact, and stressing integration with local systems and other modes. This could include challenging the decision to retain the existing Network Rail structure, which splits the North across two routes;
2. Strongly engage with the development and implementation of the White Paper by DfT, in order to shape the future structure of the rail industry in the North. Transport for the North should request a seat on the Advisory Board which will set up the shadow form of GBR;
3. Work with Local Transport Authority partners on how to maximise local delivery and integration (for example with fares and trams/buses) within the new framework;
4. Develop a detailed 'case for change' to define a leading role for Transport for the North, supported by appropriate evidence, and based on the principle that Transport for the North is an existing and effective statutory organisation (made up by elected leaders) that is devolution-ready; and
5. For each Transport for the North Board during 2021/2 to feature an update (as a standing agenda item) on progress with establishing GBR, with Sir Peter invited.

6. Recommendations:

6.1 It is recommended:

1. That the Board notes the White Paper, and its focus on addressing the problems caused by the past fragmentation of the railway industry;
2. That the Board seeks clarity from Government that the existing arrangements and statutory powers of Transport for the North are not proposed to be changed, and can therefore provide a strong building block for Transport for the North's future role;
3. That the Board discusses what Transport for the North can bring to the new structure and approves the next steps set out in Section 5 above; and
4. That the Board agree that the executive team develop a more detailed Transport for the North response to the Williams-Shapps Plan over the next 3 months, taking the form of a case for change towards a more fully-devolved pan-Northern network. This would build on the recommendations in the White Paper and the commitment to local control cited therein and incorporate feedback already obtained from Transport for the North's partners regarding their ideal scenario for how the railway will evolve in the North over the next 30 years.

Appendices:

Appendix 1: Summary of White Paper

List of Background Documents:

There are no background documents.

Required Considerations

Equalities:

| | | |
|-------------------------|--|----|
| Age | | No |
| Disability | | No |
| Gender Reassignment | | No |
| Pregnancy and Maternity | | No |
| Race | | No |
| Religion or Belief | | No |
| Sex | | No |
| Sexual Orientation | | No |

| Consideration | Comment | Responsible Officer | Director |
|---------------|---|---------------------|----------------|
| Equalities | A full Impact assessment has not been carried out because it is not required for this report. | David Worsley | David Hoggarth |

Environment and Sustainability

| | |
|--|----|
| | No |
|--|----|

| Consideration | Comment | Responsible Officer | Director |
|------------------------------|---|---------------------|----------------|
| Sustainability / Environment | A full impact assessment has not been carried out because it is not required for this report. | David Worsley | David Hoggarth |

Legal

| | |
|-----|--|
| Yes | |
|-----|--|

| Consideration | Comment | Responsible Officer | Director |
|---------------|---------|---------------------|----------|
|---------------|---------|---------------------|----------|

| | | | |
|-------|---|----------------|----------------|
| Legal | The legal implications have been considered and are included in the report. | Deborah Dimock | Julie Openshaw |
|-------|---|----------------|----------------|

Finance

| | |
|--|----|
| | No |
|--|----|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|--|----------------------------|-----------------|
| Finance | There are no direct financial implications. Funding has already been allocated for a consultancy commission to help with the full Transport for the North response to the White Paper. | Paul Kelly | Iain Craven |

Resource

| | |
|-----|--|
| Yes | |
|-----|--|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|---|----------------------------|-----------------|
| Resource | Funding has already been allocated for a consultancy commission to help with the full Transport for the North response to the White Paper. Dependant on the implementation of the GBR Target Operating model there may be structural, resource and skills implications for TfN – this will be kept under review and the Board appraised as this matter evolves. | Stephen Hipwell | Dawn Madin |

Risk

| | |
|--|----|
| | No |
|--|----|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|--|----------------------------|-----------------|
| Risk | Risk assessment continue to take place and they can be found in the risk register. For the purpose of this paper, the principal risk to Transport for the North is anticipated to be a failure to engage proactively during the development of the White Paper could lead to a diminution in our role. | Haddy Njie | Iain Craven |

Consultation

| | |
|--|----|
| | No |
|--|----|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|--|----------------------------|-----------------|
| Consultation | A consultation has not been carried out because it is not necessary for this report. | David Worsley | David Hoggarth |

Appendix 1

Further Information

The document is split in to 8 chapters. Further key details which have emerged from study of these chapters are covered here as supporting information:

Chapter 1: The Railways since Privatisation

Although praising the increase in services, higher passenger numbers, improved rolling stock and eventual improvement in safety during the privatised era, the report admits that the fragmentation of the industry has led to inefficiency in many areas (e.g. through duplication). Collaboration between organisations is poor, fares have increased 48% in real terms since 1997, performance has been erratic, and the privatisation has not been accepted by the public. In particular, poor cost control from Network Rail has prevented improvements. Simplification of the industry and better alignment of the incentives of the bodies involved is seen as the key to ending an adversarial blame culture. Great British Railways will therefore “be made up of regional railways that are locally rooted and accountable, with new culture and incentives focused on serving customers”.

Chapter 2: Our Commitment to Rail

It is noted that the government is still committed to HS2, direct London to Middlesbrough services, the Northumberland Line, and that in “northern England, Manchester’s railways are being unblocked . . .” It is promised that the Integrated Rail Plan will be published soon, and that the “government’s priority for the future is to level up rail services and other public transport services in rest of the country to the high standards already set in the capital”. Helping rail to recover from the pandemic will include the flexible season tickets but also a “major effort to develop rail’s leisure market further and help to attract new passengers to the railways”.

Chapter 3: Integrating the Railways

The McNulty report from a decade ago identified “the lack of whole-system thinking and adversarial relationships as key reasons for high costs, poor value and inefficiency”, but this has not been rectified. The key goal is that “Great British Railways will bring together the whole system and perform a role for rail services similar to the one Transport for London has in the capital. It will own the railways across Great Britain and run them as an integrated system to common goals, set out in this white paper and in the future by Ministers.”

GBR will be required to develop a 30-year plan, in addition to the current 5-year plans, and will incorporate functions from DfT and Rail Delivery Group as well as Network Rail. GBR will be accountable for punctuality, efficiency and safety, and

also take the revenue risk. In order to improve passenger focus, GBR “will need to include meaningful numbers of people in middle and senior management roles with substantial experience outside Network Rail, including in some cases from outside the rail and transport industry altogether; and more people with retail and customer relationship experience”. Expect cost savings from integration and deduplication are £1.5 billion per year.

GBR will be accountable to the Secretary of State for Transport in a manner similar to TfL’s accountability to the Mayor of London. However, in order to boost local accountability, “Great British Railways will be made up of powerful regional divisions, with budgets and delivery held at the local level, not just nationally”. Passenger Service Contracts and other procurement will be managed locally. There will be five regional divisions, initially matching Network Rail’s current structures, so the North of England would still be split between Eastern and North West & Central regions.

Chapter 4: Replacing Franchising

The government has a legal responsibility to keep franchised services in operation, and introduced emergency measures that kept the trains running for key workers, assuming full responsibility for cost and revenue across all 14 national franchises. A new role for operators is now needed to restore a focus on providing high-quality services for passengers, encouraging people to travel by train and running services more efficiently. Franchising will therefore be replaced by new Passenger Service Contracts. Use of a concession model to contract with private partners to operate trains has been more successful than franchising in enabling operators to be held to account for running trains on time, delivering passenger satisfaction and controlling costs.

GBR will specify the timetables, branding, most fares and other aspects of the service and agree a fee with the competitively-procured passenger service operator to provide the service to this specification. Operators will take cost risk but will need to balance that with service quality, in order to be efficient while also meeting the needs of passengers. National Rail Contracts will succeed the emergency agreements and act as stepping stones towards the new Passenger Service Contracts. They will include incentives to drive revenue growth and the flexibility to ‘switch on’ further revenue growth measures when conditions allow.

Great British Railways’ regional divisions and their commercial partners will also push each other to help people back onto rail, working together on areas such as marketing. Revenue incentives will be built into contracts to grow passenger numbers, foster a culture of innovation and introduce efficiencies. In some areas, including city regions, local leaders will become directly involved in shaping and drawing up contracts, through partnerships with Great British Railways’ regional divisions. Each contract will require and incentivise operators to co-operate and work collaboratively with Great British Railways and its other partners, including other transport services, to enable more convenient connections between long-distance and local services and joint working during

disruption or emergencies. The length of contracts will also vary. On some parts of the network, longer contracts than those used under franchising may be adopted to support major investment programmes or the delivery of significant changes for passengers.

Chapter 5: A New Deal for Passengers

The long-term vision is for 'turn up and go' railways, seamlessly connected with other transport services. Accessibility should be improved, and the compensation regime simplified. The nine key requirements of passengers are that the railways should be: Safe, Accessible, Seamless, Connected, Reliable, Comfortable, Informed, Affordable, Trusted.

GBR will be responsible for ticketing across the country, with digital tickets encouraged for regional, long-distance, and frequent journeys. The commercial freedom of some operators will most likely be limited to advance purchase tickets. The role of stations in the community will be modernised, to cater for on-demand shopping collection, small-scale freight, and public services such as education, training and health and wellbeing services.

Chapter 6: Unleashing the Private Sector's Potential

The government wants to ensure the new model takes the very best of the private sector – innovation, an unrelenting focus on quality, outstanding customer service – and harness it under the single guiding mind of the public sector. It is anticipated that GBR will support a more open, innovative system with shared data, new forms of competition and opportunities for new ideas to flourish and scale-up to benefit passengers, freight customers, the economy and taxpayer. It is argued that the railways will not become more efficient, modern, and innovative without the involvement of the private sector, including the extensive supply chain, freight market, funders and passenger operators and rolling stock companies.

Critical safeguards will be introduced to ensure freight operators receive fair access to the network. ORR will act as an appeals body for operators or applicants to ensure that Great British Railways applies policies, including track access and charging, fairly. GBR will have statutory duty to promote rail freight, and government will work with the market to consider vital network enhancements that increase capacity for freight or help to grow the rail freight market; this could be helpful for our freight aspirations in the North.

Reforms are envisaged to create a culture in the sector where every organisation, public or private, is aligned and incentivised to achieve high levels of performance, from train build and maintenance to service dispatch, that will get trains running on time across the network. Teams will be empowered locally to work collaboratively with private partners to do the right thing for passengers and freight customers. They will also improve engagement with local businesses and communities, including through creating new opportunities for local partners

and businesses to play a greater role in shaping investments in their area. Integrated local teams within Great British Railways' regional divisions will push forward design and delivery with their partners, supported by new incentives that encourage innovation, partnership, and collaboration.

Chapter 7: Accelerating Innovation and Modernisation

It is argued that real opportunities to improve services for passengers and freight customers through new technology have been consistently missed so rail needs to innovate and accelerate change if it is to remain relevant. A modern rail network requires an ambitious approach to decarbonisation, climate change adaptation and data driven transformation, by becoming more outcome focused and forward thinking and by balancing competing priorities carefully. The railways need to better understand their customers and speed up delivery of projects.

Electrification of the network will be expanded, and alternative technologies such as hydrogen and battery power will help to achieve zero emissions from trains and reduce air pollution. Rail is the only form of transport currently capable of moving both people and heavy goods in a zero-carbon way. Electrification is likely to be the main way of decarbonising the majority of the network, and the electrification of Leeds to Manchester is a key part of that, whilst battery and hydrogen-powered trains will be trialled for passenger routes where conventional electrification is an uneconomic solution. Railways need to encourage a shift away from planes, cars and lorries; become the best option for long-distance travel; and improve the whole journey experience. This includes making it easier to get to and from stations by walking, cycling or other public transport, charging points at rural stations, modernising fares to compete with air travel and improving freight connectivity through interchanges and links with freeports. This will require close working with local and devolved administrations.

Open data compiled by GBR and partners will improve transparency, trust, and innovation. An 'open by default' approach to data will be introduced, with common frameworks and standards across the sector created. Open data will make it easier for partners to provide new services such as: end-to-end journey planning; 'find my seat' features; and personalised travel offers, like free coffee when delayed. Great British Railways will become the primary public funder of RD&I initiatives across the sector, delivering priorities set by Ministers. Stronger links with centres of industry and private sector innovators will be a core part of the new RD&I system. Great British Railways' regional divisions, working more closely with local partners, will lead delivery of RD&I projects to focus them on the needs of passengers and freight customers.

Lessons learnt from the government's Project SPEED (Swift, Pragmatic, Efficient Enhancement Delivery) will be rolled out across the industry, in order to streamline the decision-making process, and strip out unnecessary complexity from planning processes through system-wide reform in conjunction with other government departments. These benefits will be realised by changing ways of

working across the whole rail sector. There are 11 cross-cutting themes that have been identified from a set of pilot projects. These focus on identifying opportunities for simplification and efficiency.

Chapter 8: Empowering Rail's People

A new joined-up, cross-sector training and skills offer will support people at every career stage to develop skills and bring in experience from outside the rail sector. The fragmented structure of the railways impedes effective leadership at both organisational and individual levels and limits the opportunity for whole-system, efficient solutions. To tackle this, a sustained programme to invest in skills, training and leadership across the rail sector will foster greater collaboration and openness to innovation and new technology and so support vital long-term productivity improvements. A virtual leadership academy will be established; the academy will professionalise and standardise the skills offer across the entire sector, bringing together commercial, technology and passenger service experience.

Great British Railways will work with the sector to develop a system-wide workforce plan, and support industry-wide co-ordination of driver training and take steps to ensure that operators can recruit and retain talent in a way that is sustainable for the whole sector. Diversity across the sector will be improved through the inclusion of stretching measures in contracts to actively promote and increase recruitment and retention of a diverse workforce. Comprehensive data on productivity and pay will be collected and published by ORR, which will report on the data and compare it with that of other sectors and labour markets.

ENDS

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Transport for the North Chief Executive Consultation Call

Subject: Manchester Recovery Task Force Update

Author: David Hoggarth

Sponsor: Tim Wood

Meeting Date: Wednesday 9 June 2021

1. Purpose of the Report:

- 1.1 To provide Members with an update on the work to address congestion on the rail network in and around Manchester following discussion at the previous board meeting and the meeting of the Northern Transport Acceleration Council (NTAC).

2. Background:

- 2.1 The railways in and around Central Manchester are a major congestion pinchpoint impacting on the reliability of services across a wide area of the North of England. Not only does it drive poor performance across the North, it also prevents service enhancements from being delivered and constrains economic growth.
- 2.2 Central Manchester is not the only congestion problem in the North and is both the recipient of delays and cause of delays. Notable other pinchpoints are Sheffield, Doncaster, Leeds, Stockport, Preston and the East Coast Main Line North of York. All of these require investment over the next few years.
- 2.3 Whilst some enhancements have been delivered (including the Ordsall Chord and an additional platform at Manchester Airport), other aspects including the scheme originally planned for the congested Castlefield Corridor (Manchester Piccadilly and Oxford Road) remain undelivered whilst a broader programme of work is developed, alternative options are tested and the business case further developed.
- 2.4 The issue came to a head following the disastrous timetable change of May 2018. The congestion in Central Manchester was a contributory factor to the poor performance and is an enduring issue – whereas other failings of the May 2018 timetable have been largely addressed, the congestion in and around Manchester remains.
- 2.5 The issue has become even more urgent as Network Rail has designated the Castlefield Corridor as ‘congested infrastructure’ – one of only a small number

of pieces of railway nationally to have such a designation. This means that as well as developing solutions to the problem, service changes need to be considered and the number of trains that can use the corridor will effectively be capped.

- 2.6 The Department for Transport (DfT) has established a Task Force (Manchester Recovery Task Force) to develop solutions to the problem including short-term timetable changes. Network Rail has been developing an infrastructure plan for the area which is currently divided into three tranches covering short, medium and long-term proposals. At the moment the programme has funding allocated for development work across all tranches and the first tranche is expected to be delivered in the next few years.

3. Transport for the North's Role

- 3.1 Transport for the North is (through Rail North Partnership) co-client for train services operated by Northern and TransPennine Express. Therefore, any service changes have to be agreed by Transport for the North through the Rail North Committee. Transport for the North has already taken action to improve service reliability: two train service changes have been agreed by members (temporary curtailment of the Newcastle-Manchester Airport Service at Manchester Victoria and removal of 'peak additional' Transport for Wales Services from the corridor).
- 3.2 During 2020, the DfT commissioned Manchester Recovery Task Force developed short-term timetable changes. In Autumn 2020, the Task Force produced three service options for public consultation. Transport for the North agreed to undertake a joint consultation with DfT and Network Rail which ran from January to March 2021.
- 3.3 Transport for the North does not have a direct decision-making role in the infrastructure investment and is not a co-client (in the way we are for NPR). This remains the responsibility of the DfT. Transport for the North contributes to the industry development processes and has the ability to provide statutory advice to the Secretary of State. In January 2020 Transport for the North's Board recommended to the Secretary of State a package of investment including the originally planned scheme for Manchester Piccadilly and Oxford Road, but also a number of other required infrastructure improvements across a wide area of Manchester. Transport for the North's Statutory Advice is included as Appendix 1.
- 3.4 In April 2021, Rail North Committee Members received a briefing from the Task Force on the outcome of the public consultation and their recommended next steps. As reported at the Board meeting on the 16 April 2021, members raised a number of concerns about aspects of the short-term service changes. Members were clear that the 'ask' of making short-term changes to services (with connectivity and economic downsides) was not matched with the required level of commitment and clarity around delivery of the full infrastructure programme.

- 3.5 As a result, Transport for the North's Chief Executive wrote to the Secretary of State on behalf of members, seeking a single item NTAC meeting to discuss the whole Manchester issue. That meeting took place on 18 May 2021 and was attended by the Rail Minister, Northern Leaders, Richard George and Network Rail.

4 Pathway to a Resolution:

- 4.1 Following a discussion with leaders in attendance at the NTAC meeting, Transport for the North's Interim Chief Executive wrote to the Secretary of State to underline the need to find a resolution that allows the North to deliver the connectivity and performance required at pace.
- 4.2 Transport for the North recognises that there are significant challenges in securing the funding for and delivering an infrastructure project of the size and complexity of the Central Manchester Programme. Therefore, Transport for the North intends to work collaboratively with DfT and Network Rail to both find the right solution and make the strongest possible strategic case to secure the funding required. Transport for the North will deploy its local evidence base and newly developed modelling tools which will highlight the strategic importance and wider benefits associated with the investment case.
- 4.3 On the short-term service changes, Transport for the North has sought a clear roadmap indicating when the infrastructure will be sufficiently enhanced to increase connectivity again (e.g. restoring services to previous levels and/or implementing other enhancements). It was also agreed that changes will not be made before December 2022 which allows sufficient time for further engagement with Transport for the North Members, the industry to plan the resources it needs to deliver the change and for a second round of public consultation on the detail of the proposed change. The 2022 service changes also need infrastructure development to support, for example, longer trains as well as increased resources such as additional drivers and rolling stock.
- 4.4 Transport for the North proposed and subsequently arranged a 'hothouse' session with the Task Force to allow more direct engagement on local issues and concerns. Further detailed engagement is now planned with Transport for the North members and Rail North Committee. Subject to this and progress on the infrastructure a revised proposal together with the outcome of the first public consultation will be brought to Rail North Committee next month.
- 4.5 On the infrastructure side, Transport for the North has also proposed a collaborative approach with DfT reflecting the fact that they are the client on infrastructure. The work to date and discussions at NTAC highlighted there are different proposals from the industry (compared to Transport for the North's statutory advice) for infrastructure particularly in relation to Manchester Piccadilly and Oxford Road stations. Rail North Committee (in summer 2020) indicated they were open to considering alternatives so long

as they were backed with detailed evidence so that ultimately the right option for the North is selected. Transport for the North proposes to work collaboratively with the DfT and industry to ensure that the large range of potential interventions is fully assessed with appropriate evidence so that ultimately the best option for passengers is selected taking into account all factors including delivery timescales, disruption during construction, reliability benefits, impact on connectivity, cost etc. Another key element is the fit with other schemes planned or under development including Transpennine Route Upgrade, NPR and further electrification in the North West all of which will shape future needs and demand.

- 4.6 Transport for the North is working with DfT on the Terms of Reference for a new collaborative relationship on this programme. As part of this we have proposed (and DfT has agreed to) an infrastructure 'hothouse' programme to work through the options and evidence base. Transport for the North will also use its evidence base to support the strategic and economic cases that will need to be made to Treasury. The outcome of this work will be reported back to Rail North Committee. The Committee will then consider whether to recommend issuing further statutory advice on the infrastructure solution with the aim of delivering the best overall outcome for passengers.

5. Recommendations:

1. That the Board notes the report setting out the current position on services and infrastructure in and around Central Manchester.
2. That the Board notes the actions taken by Transport for the North and the proposed pathway to a resolution.

Appendices

Appendix 1: Transport for the North's Statutory Advice

List of Background Documents:

There are no background documents

Required Considerations
Equalities:

| | | |
|-------------------------|--|----|
| Age | | No |
| Disability | | No |
| Gender Reassignment | | No |
| Pregnancy and Maternity | | No |
| Race | | No |
| Religion or Belief | | No |
| Sex | | No |
| Sexual Orientation | | No |

| Consideration | Comment | Responsible Officer | Director |
|----------------------|---|----------------------------|-----------------|
| Equalities | A full Impact assessment has not been carried out because it is not required for this report. | David Hoggarth | David Hoggarth |

Environment and Sustainability

| | |
|--|----|
| | No |
|--|----|

| Consideration | Comment | Responsible Officer | Director |
|------------------------------|---|----------------------------|-----------------|
| Sustainability / Environment | A full impact assessment has not been carried out because it is not required for this report. | David Hoggarth | David Hoggarth |

Legal

| | |
|--|----|
| | No |
|--|----|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|---|----------------------------|-----------------|
| Legal | There are no legal implications for Transport for the North as a result of this report. DfT remains formal client for both services and infrastructure. | Deborah Dimock | Julie Openshaw |

Finance

| | |
|--|----|
| | No |
|--|----|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|---|----------------------------|-----------------|
| Finance | There are no financial implications for Transport for the North. There are financial implications for DfT relating to service changes and infrastructure choices. | Paul Kelly | Iain Craven |

Resource

| | |
|--|----|
| | No |
|--|----|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|--|----------------------------|-----------------|
| Resource | Transport for the North's input is provided through existing budgeted resources. | Stephen Hipwell | Dawn Madin |

Risk

| | |
|-----|--|
| Yes | |
|-----|--|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|---|----------------------------|-----------------|
| Risk | <p>Risk assessment continue to take place which can be found in the risk register.</p> <p>The main risks relating to this paper is that:</p> <p>There is a risk to rail service connectivity and performance pending implementation of an appropriate infrastructure solution. Transport for the North's actions to mitigate this risk are set out in the report.</p> | Haddy Njie | Iain Craven |

Consultation

| | |
|-----|--|
| Yes | |
|-----|--|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|--|----------------------------|-----------------|
| Consultation | A public consultation has been carried out on the service changes and a second consultation by train operators on the detailed proposals is planned. | David Hoggarth | David Hoggarth |

Appendix 1 – Transport for the North’s Statutory Advice to the Secretary of State in February 2020

Transport for the North’s clear view is that; (1) resolution to the current problems of congested infrastructure should be through provision of adequate infrastructure rather than reductions in services or ongoing unreliable operation and (2) any reductions in service that might be necessary in the short-term should be recognised as temporary palliative measures until the infrastructure has been enhanced.

Transport for the North’s Board endorsed specific advice that the Department for Transport should:

1. Approve the next stage (which is understood to be detailed design) of the ‘Package C’ works by:
 - a. Approving the TWAO now;
 - b. start GRIP 4 (detailed design) without further delay; and
 - c. Identify Do Minimum costs for Oxford Road & Piccadilly (for longer trains & increasing passenger flow);
2. support and authorise taking forward the DfT/Network Rail ‘Other options’, in particular:
 - a. The Manchester Victoria eastern turnback which should be approved immediately;
 - b. Manchester Airport, which should be progressed urgently, including synergies with Airport road works planned for 2020-2021;
 - c. early development of 3 quick-wins;
 - d. Ordsall Lane grade-separation; and
 - e. Salford Crescent

and request consideration of similar options south of Piccadilly, including:

- Assess Piccadilly – Slade Lane/Stockport urgently for the benefits of and optimum location for grade-separation; and
 - Assess the value of 6-tracks Longsight – Slade Lane;
3. Request a piece of work to assess freight options avoiding Castlefield; and
 4. Seek designation of Stockport & Manchester Airport as ‘Congested Infrastructure’ under the terms of the relevant Statutory Instrument.

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Transport for the North Chief Executive Consultation Call

Subject: Northern Powerhouse Rail update

Author: Louise Heywood, Head of NPR Business Case Development

Sponsor: Tim Wood, Interim Chief Executive

Meeting Date: Wednesday 9 June 2021

1. Purpose of the Report:

1.1 This report provides an update for members on progress on the Northern Powerhouse Rail (NPR) programme. Members are asked to:

- **Note** progress on implementing the agreed scope of work for FY21/22, model development and the Strategic Outline Case.
- **Note** the plan to review and respond to the IRP.

2. Executive Summary:

2.1 Work on the Northern Powerhouse Rail programme has continued at pace in a number of areas to ensure that the delay in publication of the IRP does not unnecessarily impede progress. The work focuses on enabling the selection of a single route option for each corridor or station, while advancing design and development on areas of the network where a single route option has already been selected.

2.2 The scope, phasing and delivery sequencing of NPR network is dependent on the outcomes of the Integrated Rail Plan (IRP). The team is therefore preparing for various IRP outcomes, and planning for the review and response to the IRP.

2.3 Following publication of the IRP, the scope of work for 2021/22 will be reviewed and revised where necessary, taking into account any decision making or changes to NPR's scope and delivery resulting from the document.

3. Background

3.1 TfN has worked in partnership with the Department for Transport as co-client for Northern Powerhouse Rail since 2016. Its involvement in this

project has been instrumental in driving forward the project at pace and efficiently:

- TfN has been successful in bringing together civic and business leaders from across the North to articulate our vision and priorities for NPR, and transport more broadly, ensuring that funding and strategy decisions about transport in the North are informed by local knowledge and requirements. TfN has been unanimous in its vision for NPR, rallying behind its preferred NPR network and phasing, and our recommendations for the sponsorship and delivery of NPR as we move toward delivery.
- Rigorous cost challenges led by TfN have been successful in identifying where costs can be reduced, including securing a £4bn cost reduction on initial assured costs by challenging the pricing methodology and land and property requirements, thereby ensuring that unnecessary costs are not imported into the scheme. Robust benchmarking and challenge on design and the methodology for calculating possessions and isolations has identified potential for a further £5bn reduction in costs.
- Creation of a strong body of evidence and state of the art analytical tools to underpin the case for NPR, and demonstrate value for money while achieving the right outcomes for the people, communities and businesses in the North.
- On the development and design of infrastructure, acting as an informed and challenging client we continue to drive opportunities to optimise intervention solutions in terms of performance, phasing and cost.

3.2 Co-sponsorship between TfN and the DfT is the natural progression of the current co-clienting model and would see TfN continuing to work closely with the government to set the priorities and define the outcomes needed across the North, while being less directly involved in the day-to-day management of delivery. Our preference to evolve from a co-client to co-sponsor relationship after the current phase would build on the experience and expertise gained over the last five years, enabling more efficient and effective delivery of the UK's most transformational infrastructure programme ever. We await the IRP which will "include exploring options for new delivery vehicles with northern leaders for the relevant rail enhancements including new lines that may form part of the delivery of HS2 and Northern Powerhouse Rail".

3.3 Last winter, the Department for Transport (DfT) requested the completion and submission of the Strategic Outline Case (SOC) for Northern Powerhouse Rail be delayed until after the Integrated Rail Plan has been published. At that time, the DfT indicated that the submission of a business case that is consistent with the government's policy and funding framework set out in the IRP would improve overall

programme delivery and “allow more rapid alignment around single route options than envisaged in current plans – which assume a further twelve months work in some cases before detailed design work can begin.”

- 3.4 The TfN Board agreed to the request and sought assurances that it would be appropriately consulted and involved in the development of the Integrated Rail Plan as it relates to the North.
- 3.5 The IRP, first expected by the end of 2020, remains unpublished. The North’s leaders have called on the Government to urgently publish the IRP, to give essential certainty on investment and delivery of major projects including NPR. By summer, the potential gains in the programme to be made by rephasing the SOC will be outstripped by the continued delays to the IRP, delaying the step-change in connectivity, delivering transformational, clean, economic growth across the North of England brought about by NPR.

4. Scope of work for FY21/22

- 4.1 In January 2021, confirmation was received from the Department for Transport (DfT) that £75m had been allocated to the NPR programme. £8m of this amount was ringfenced for HS2. Of the remaining £67m, the TfN Budget report in March 2021 included a committed allocation of £48.5m, with the balance of £18.5m constituting programme contingency. These sums are subject to detailed departmental commitment and drawdown processes.
- 4.2 Programme objectives for NPR in 2021/22 include:
- continued infrastructure and modelling development, focused on the selection of a single route option for each corridor or station (where this has not already been achieved), and advance the design and development of the NPR network where a single route option has already been selected
 - the submission of the NPR Strategic Outline Case
 - promoting the benefits of a multi-year funding agreement with government
 - commencing procurement activities that would support programme activities through to the end of financial year 2023/24.
- 4.3 Work on the Northern Powerhouse Rail programme has continued at pace in a number of areas to ensure that the delay in the IRP does not unnecessarily impede progress.
- 4.4 Work currently underway in 2021/22 includes design and capacity reviews of the Liverpool and Leeds hubs, studies to investigate opportunities for cost reduction by optimising designs, and refinement of the tram-train proposals. Additionally, work is being progressed to

ensure the NPR network is able to operate as a network, with a train control strategy being developed and power supply systems being modelled.

5 Model development

- 5.1 Work on Iteration 2 of the Northern Rail Modelling System (NoRMS) is progressing well and the model is currently going through a formal assurance process. It is anticipated that NoRMS Iteration 2 will be used to inform the re-scheduled Strategic Outline Case.
- 5.2 The Iteration 2 model represents a step-change from the Iteration 1 versions of the model. For the first time, it uses the Northern Highway Assignment Model (NoHAM) model to provide highway costs, rather than the Highways England Regional Traffic Models. This results in a better representation of the highway network than previously, including the modelling of local highway congestion in the metropolitan centres.
- 5.3 The Iteration 2 NoRMS model has also been re-based to a 2017/18 base year and now includes the growth witnessed from the earlier 2015/16 model year. In addition, the rail matrix for the new model has been built to reflect observed ticket sales data contained in the MOIRA2 model, so provides a better representation of rail movements than in the Iteration 1 models, with more trips between the major Northern cities.
- 5.4 Initial testing of the NPR scheme has been undertaken with the Iteration 2 model. Early results show an increase in benefits for the TfN preferred network of approximately 30% over the equivalent Iteration 1 model run. Use of the new Iteration 2 model for the SOC should therefore result in a significant increase in the overall economic viability of the NPR scheme.

6 Strategic outline case

- 6.1 We are not sighted on the timing or content of the Integrated Rail Plan (IRP) and this presents some planning challenges. We are, however, progressing areas that will support longer-term delivery, including:
- Reviewing the approach for the selection of a single route option (where this has not already been achieved) working closely with NPR infrastructure and Network Rail
 - Development of outline business case templates and supporting guidance documents to ensure best practice and consistency in preparation for the next stage
 - Collation of evidence to provide a clear audit trail in one document of how decisions have been made to date
 - Identifying NPR strategies required for the next stage

- Completion of the Option Assessment Methodology (OAM) report
- 6.2 The NPR team continues to update the sections of the Strategic Outline Case where we don't expect the IRP to have significant impacts, and the updated cases were shared with the Department for Transport's centre of excellence in mid-April for a further review.
- 6.3 The NPR team is scenario planning against a range of possible IRP outcomes. As part of this, we are considering a range of indicative impact levels across a number of areas, including network options and delivery timelines. A comprehensive evaluation of possible scenarios is difficult, but we are reviewing the activity required to update the SOC and key dependencies, the timeline from IRP publication to SOC completion and delivery, and potential impacts on the NPR 2021/22 business plan objectives.

7 IRP review and response plan

- 7.1 In preparation for the IRP, we have assembled a team from across TfN to undertake a rapid review of the IRP. Individual members of the team will focus on specific topics including HS2, Transpennine Route Upgrade, Northern Powerhouse Rail infrastructure, delivery timelines, delivery models, freight, environment, and the 21/22 business plan. The team will create a synopsis of the IRP and share it with partners as soon as possible following receipt of the IRP.
- 7.2 TfN would look to convene a discussion with Board members within the days that follow receipt of the IRP to discuss our response, and a Board meeting will be called if needed.

8. Recommendation:

- 8.1 Board members are asked to:
- **Note** progress on implementing the agreed scope of work for FY21/22, model development and the Strategic Outline Case.
 - **Note** the plan to review and respond to the IRP.

List of Background Documents:

There are no background papers to this report.

Required Considerations

Equalities:

| | | |
|-------------------------|-----|----|
| Age | Yes | No |
| Disability | Yes | No |
| Gender Reassignment | Yes | No |
| Pregnancy and Maternity | Yes | No |
| Race | Yes | No |
| Religion or Belief | Yes | No |
| Sex | Yes | No |
| Sexual Orientation | Yes | No |

| Consideration | Comment | Responsible Officer | Director |
|---------------|---|---------------------|----------|
| Equalities | A full impact assessment has not been carried out because no decisions are required | Stephen Sutcliffe | Tim Wood |

Environment and Sustainability

| | |
|-----|----|
| Yes | No |
|-----|----|

| Consideration | Comment | Responsible Officer | Director |
|---|---|---------------------|----------|
| Sustainability / Environment – including considerations regarding Active Travel and Wellbeing | A full impact assessment has not been carried out because no decisions are required | Stephen Sutcliffe | Tim Wood |

Legal

| | |
|-----|----|
| Yes | No |
|-----|----|

| Consideration | Comment | Responsible Officer | Director |
|---------------|--|---------------------|----------|
| Legal | Either The legal implications have been | | |

| | | | |
|-------|---|--|--|
| | considered and are included in the report. | | |
| Legal | Or [TfN Legal Team] [TfN's External Legal Advisor] has confirmed there are no legal implications. | | |

Finance

| | |
|-----|----|
| Yes | No |
|-----|----|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|---|----------------------------|-----------------|
| Finance | The financial implications have been considered and are included in the report. | Paul Kelly | Iain Craven |

Resource

| | |
|-----|-----------|
| Yes | No |
|-----|-----------|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|---|----------------------------|-----------------|
| Resource | TfN's HR Team has confirmed there are no direct resource implications as result of this report. | Stephen Hipwell | Dawn Madin |

Risk

| | |
|-----|----|
| Yes | No |
|-----|----|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|--|----------------------------|-----------------|
| Risk | Risk assessments continue to be carried out and the risks can be found in the Programme and Corporate Risk Registers | Haddy Njie | Iain Craven |

Consultation

| | |
|-----|----|
| Yes | No |
|-----|----|

| Consideration | Comment | Responsible Officer | Director |
|----------------------|--|----------------------------|-----------------|
| Consultation | A suitable consultation has been carried out with partners when developing the scope for 2021/22 | Stephen Sutcliffe | Tim Wood |