

# Transport for the North Scrutiny Committee Agenda

<b>Date of Meeting</b>	<b>Wednesday 28 October 2020</b>
<b>Time of Meeting</b>	<b>11.00 am</b>
<b>Venue</b>	<b>MS Teams</b>

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<b>4.0</b>	<b>Election of the Majority party Vice Chair</b>	
<b>5.0</b>	<b>Coronavirus Update</b>	13 - 18
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<b>8.0</b>	<b>Integrated Rail Plan/HS2</b>	45 - 52
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# Scrutiny Committee Minutes

**Wednesday 26 August 2020  
Microsoft Teams**

**Present:**

**Attendee**

Cllr Paul Haslam (Chair)  
Cllr James Shorrock  
Cllr Martin Mitchell  
Cllr Laura Crane  
Cllr Andrew Cooper  
Cllr Neil Hughes  
Cllr Sean Chaytor  
Matthew Salter  
Cllr Tom Furneaux  
Cllr Steve Parish  
Cllr Manisha Kaushik

**Local Authority**

North Yorkshire;  
Blackburn with Darwen  
Blackpool;  
Cheshire East  
Cheshire West & Chester;  
Cumbria;  
Hull;  
Lancashire;  
North East Lincolnshire  
Warrington;  
West Yorkshire Combined Authority;

**Officers in Attendance:**

**Name**

Gary Rich  
James Lyon  
Iain Craven  
Tim Foster  
Tim Wood  
Peter Cole  
  
Lucy Jacques  
  
David Hughes  
Deborah Dimock

**Job Title**

Democratic Services Officer  
Executive Assistant  
Finance Director  
Head of Economic Advice Strategy  
NPR Director  
Principal Environmental and  
Sustainability Officer  
Principle Policy and Strategy  
Development Officer  
Strategy and Programme Director  
Solicitor

**Item No: Item**

**1. Welcome & Apologies**

- 1.1 The Chair welcomed all in attendance and informed Members that the meeting is being streamed live.
- 1.2 Apologies were received from Cllr Mordey, Cllr Jones, Cllr Davison, the Chief Executive and the Legal and Democratic Services Officer.

## **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 held on 8 July 2020 were considered, and their accuracy as a correct record confirmed.

3.2 Cllr Parish requested clarity on minute 6.3. The NPR Director explained that the minute has been re worded and circulated to Members prior to the meeting. The Democratic Services Officer confirmed that the minute would also be altered in the minutes as well.

3.3 The minutes were proposed by Cllr Parish and seconded by Cllr Salter.

### **Resolved:**

That subject to the above change the minutes of the meeting held on 8 July be approved as a true and accurate record.

## **4. Appointment of Chair and Vice Chairs**

4.1 Cllr Hughes sought nominations to the position of Chair of the Scrutiny Committee. Cllr Haslam was nominated by Cllr Parish and this was seconded by Cllr Salter. There were no further nominations and Cllr Haslam was elected.

Cllr Haslam thanked Members for their support.

4.2 Cllr Hughes was nominated for the position of the minority parties vice Chair which was seconded by the Chair.

4.3 The election of the majority parties vice chair was deferred to the next meeting.

### **Resolved:**

- 1) That Cllr Paul Haslam be re-elected as the Chair of the Transport for the North Scrutiny Committee
- 2) That Cllr Neil Hughes be re-elected as the minority parties vice Chair
- 3) That the election of the majority party Vice Chair be deferred to the next meeting.

## **5. TfN Response to DfT's 'Decarbonising Transport: setting the challenge' publication**

5.1 Members received the report from the Principle Policy and Strategy Development Officer which was taken as read. Before the Principal Policy and Strategy Development Officer and the Principal Environmental and Sustainability Officer highlighted key areas of the report the Solicitor shared highlights of a letter which had been received from the Environmental Transportation Organisations (ETO's). The Solicitor stated that the full letter would be included with the minutes.

5.2 The Principal Policy and Strategy Development Officer and the Principal Environmental and Sustainability Officer informed Members that the report had been shared with the Executive Board and had also been circulated to partners through the Strategic Oversight Group.

5.3 The Principal Environmental and Sustainability Officer, presented TfN's key points within its proposed response to DfT's Transport Decarbonisation: 'Setting the Challenge' policy paper. The officer explained to Members that amongst other things, there needs to be a national quantified pathway towards net zero. In discussing new technologies, Members were informed that the submission will request that the North be awarded an equitable share of funding in order to trial any of the new technologies.

He also explained that TfN's comments, within our response, as regards aviation and shipping were limited, reflecting our limited remit in this area.

5.4 The Principle Policy and Strategy Development Officer stated that TfN have been positively engaging with the environmental groups over the last few months and are committed to go back to these groups on the issue of why aviation and shipping was excluded in the TfN pathways.

5.5 The Chair was happy that TfN is fully supporting Sub National Transport Bodies getting a statutory involvement in this and believed that the work of TfN can fully support their objectives.

5.6 Cllr Hughes asked for a number of acronyms to be explained and stated that he has asked previously for this as it helps with the flow of the meeting.

5.7 Referring to Page 24 of the report Cllr Hughes asked for an explanation on what place based solutions are.

The Principal Environmental and Sustainability Officer explained that this is one of the strategic policies that is highlighted within the DfT's policy paper. He further explained that it is a realisation that one size does not

fit all and that different areas will have different carbon foot prints and different challenges in decarbonising.

- 5.8 Cllr Hughes highlighted that TfN has a number of strategies and wondered who brought all of them together in the eyes of the Government.

The Strategy and Programme Director explained that TfN try to ensure that all the different plans are pulled together into a coherent plan. He added that DfT are met with on a regular basis and the Chief Executive and Chairman of the Board meet with Ministers on an ad-hoc basis.

- 5.9 The Chair welcomed the place-based focus and agreed that one solution does not fit all and that there needs to be alternatives.

He reiterated his earlier support for Sub National Transport Bodies being a statutory consultee in regards to decarbonisation and believed that it helps to support TfN when it comes to bidding for funding. He explained that by working in this way we are supporting the Government strategy whilst at the same time achieving the goal of improving the transport infrastructure.

- 5.10 Asking about the new technologies Cllr Salter questioned the extent that TfN needed the Government to be leading on these new technologies.

In response, the Principal Environmental and Sustainability Officer explained that there will be a role for national Government when it comes to setting the tone and demand management and phase in and phase out dates. He also envisages that there would be a role for TfN as well as local authorities.

In relation to electric vehicles the Principal Environmental and Sustainability Officer believes that TfN needs to gain a consensus on this issue.

In discussing the issue of Mobility as a Service the Principal Environmental and Sustainability Officer explained that he is optimistic about this in urban areas but believes that it may prove more difficult in rural areas.

- 5.11 Cllr Hughes stated that the issue of franchising is not a straightforward issue in rural areas. Commenting on the issues of road charging he believed that this is an issue that needs to be moved forward however full consultation needs to be undertaken before a referendum should take place. He also stated that there needs to be adequate public transport in place before road charging can be introduced.

- 5.12 In summarising the discussion, the Chair thanked Mr. Rae and his team for the submission.

The Chair stated that the Scrutiny Committee supports TfN becoming statutory partner in the decarbonisation strategy as well as being supportive of the TfN KPIs which allows TfN to become part of the solution on the decarbonisation issue. The Committee also showed their support for the principle that no one solution fits all and that whereas trains are suitable in some areas of the North this will not be the case in other areas such as North Yorkshire and Cumbria where electric cars may be more appropriate.

Cllr Chaytor suggested that disused railway lines should start to be used in order to get freight from ports and take freight off the roads.

**Resolved:**

That Members recommended the proposals outlined in the report to the Board.

## **6. Integrated Rail Plan**

- 6.1 Members received the report from the Strategy and Programme Director. The Head of Economic Advice Strategy then highlighted the key areas in the report.

The Head of Economic Advice Strategy explained that through the Integrated Rail Plan Members are able to feed proposals into NIC work as well as responding to the outcome of the Integrated Rail Plan (IRP). He explained that the Government are committed to producing the IRP by the end of the year with the NIC advising the Government on the options. He explained that schemes that can be brought forward are being looked at and this is a work in progress.

- 6.2 Cllr Hughes requested clarification on the Crewe North and Goldborne issues. The Head of Economic Strategy Advice explained that the Goldborne link is seen as an important connectivity for Cumbria and Lancashire. He further explained that the Government have raised some issues relating to the viability of the link, however the link is still within the plans of HS2 and if things were to change then more would need to be done in order to upgrade the West Coast Mainline.

- 6.3 Cllr Cooper asked about the development of the Castlefield Corridor and whether there was a list of local schemes in mind that would help to alleviate the issues.

The Head of Economic Strategy Advice explained that this work is still a work in progress that the Strategic Rail Team is dealing with.

- 6.4 Cllr Chaytor highlighted that when the Government made its' announcement there was no mention of anything east of Selby. Cllr Chaytor highlighted that the Humber is one of the busiest areas for shipping, and he stated that the more goods that can get on to rail from

Hull, Grimsby, Immingham and Goole is vital and requested that this be included in the plan.

- 6.5 The Chair stated that the committee notes the progress. He explained that the Humber is critical and he shared Cllr Chaytor's concerns that the East is being forgotten.

The Head of Economic Strategy Advice explained that the East is in the thinking and feels that there are some early opportunities around freight for the East and this will be included in the Integrated Rail Plan submission.

**Resolved:**

That the report be noted.

**7. Any Business Which the Chair is Satisfied is Urgent  
Transport for the North's Submission to the Comprehensive  
Spending Review**

- 7.1 The Chair informed Members that the Comprehensive Spending Review report could be discussed under this item despite being submitted late. He stated that he was satisfied that this item should be reviewed by the Scrutiny Committee as urgent business as final comments on this needed to be submitted to the Department for Transport by Friday 28 August.
- 7.2 Members received the report from The Strategy and Programme Director who highlighted key areas of the report before Members were able to ask questions and make comments.
- 7.3 The Strategy and Programme Director apologised to Members for the late submission of the report. He explained that the initial submission to the department for funding would focus on core funding requirements of TfN and the core programmes of IST and NPR. He stated that if broader representations needed to be made at a later stage in the spending review on issues such as the North's ambition, the Northern Transport Charter and the Economic Recovery Plan, he anticipated that this would be able to be done.

Members were informed that TfN were seeking to arrange a meeting with the Secretary of State who would welcome a meeting with TfN. He stated that the Chairman of TfN Board and the Chief Executive together with a delegation of Members of the Board hope to meet the Secretary of State to discuss the Northern Transport Acceleration Council. The Strategy and Programme Director stated that he hoped a meeting would take before the next TfN Board and after Board there should be more opportunity to make submissions.

- 7.4 Cllr Hughes stated that he believed that the paper is cause for concern he explained that as a result of Covid he believed that there could be a contraction of spending on regional transport bodies and possibly they may even be abolished.

Cllr Hughes also highlighted what he believed to be a contradiction in point 2.2 and 2.4 of the report. He explained that point 2.2 of the report appeared to indicate that TfN were only looking to get core funding for TfN, whilst point 2.4 suggested that the costs of all the other programmes were being sought. Cllr Hughes requested that these points be reconciled.

In response to Cllr Hughes the Finance Director explained that the funding for the NPR and IST programmes was included in the broad definition of the Core expenditure of TfN. He added that essentially TfN is making the case for the utility of its funding based on the progress that it has made to date and the key role that it can play in the “levelling up” agenda through the delivery of its statutory responsibilities.

In response to the contradictions in points 2.2 and 2.4 the Strategy and Programme Director explained that he believed that there was no contradiction. He explained that it was about phasing, the first phase is about core funding requirements prior to the meeting with the Secretary of State around the Northern Transport Acceleration Council which is hoped will lead to a broader discussion about what the delivery vehicles for investment in the North will be. He stated that what TfN is looking for from Government is what TfN’s role will be.

**Resolved:**

That the report be noted.

**8. Exclusion of the Press and Public**

**RESOLVED:** that the public be excluded from the meeting during consideration of the following items of business because it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, there will be disclosure of confidential information as defined in Section 100A of the Local Government Act 1972 (as amended) and/or exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)

**9. Part 2 Minutes of the Previous Meeting**

- 9.1 The private minutes of the meeting held on 8 July 2020 were considered and their accuracy as a correct record confirmed. The minutes were proposed by Cllr Parish and seconded by Cllr Hughes.

**Resolved:**

That the private minutes of the meeting held on 8 July be approved as a true and accurate record.

**10. Northern Powerhouse Rail Update Phasing Strategy**

10.1 Members received the report from the NPR Director who then took questions and comments from Members on the report.

**Resolved:**

That the report be noted.

## **Note to the TfN Scrutiny Committee 26th August from the ETOs grouping: item 5 - TfN Response to DfT's 'Decarbonising Transport' publication**

1. In 2018 the campaigners in what is called the Environmental Transport Organisations (ETOs) grouping - which has membership from across the TfN area - made a number of representations to the Scrutiny Committee concerning the need for the forthcoming strategic transport plan to include a clear prioritisation of transport decarbonisation. Eventually this resulted in the commitments made in the 'Pathways to 2050' section of the STP, which we believe were groundbreaking. It said that 'TfN will lead the scoping and development of a 'Pathway to 2050' by 2020 [involving the] ... development of an enhanced approach to modelling scenarios/options, which is strategic outcomes-led and focused on definition, evaluation and programming of policy/intervention/package options designed to deliver strategic outcomes over the STP programme to 2050 *STP p.41pdf*. Since then we have maintained a dialogue with TfN officers about progress with the technical preparation of the pathway.

2. At the end of July we submitted a short note stating - in the context now of the DfT's *Decarbonising Transport* (DT) consultation - that we believe that the decarbonisation approach of the STP is still strongly relevant, although we also noted the developments since February 2019 which had changed the context for this work, including the adoption by government of the new 2050 Net Zero target. We also pointed to the very recently published [Emissions Reduction Pathways study](#) prepared for the West Yorkshire combined authority, which identified the truly challenging scale of the transport decarbonisation task.

3. Our note said that the STP had rightly recognised that 'TfN cannot achieve carbon reduction from transport on its own', and that therefore the single most important action that could assist this work would be if **the Department for Transport were to provide a clear transport decarbonisation policy framework, something which is absent at the moment**. Having reviewed the contents of *Decarbonising Transport* we had concluded that at the moment it was substantially ambiguous about many aspects of what that framework should include. We therefore identified three characteristics which we commended to TfN that the eventual *Transport Decarbonisation Plan* (TDP) and its carbon reduction pathway should be based around: It should be

- **a quantified pathway: built up from the development of scenario variants; compliant at the 'end of CB5' milestone in 2032 with CCC's sectoral cost effective paths within their new overall net zero trajectory; and one which DfT actually commits to then implementing** in terms of national level infrastructure programmes and a broader decarbonisation policy framework. At the moment DT does not promise providing even a notional pathway for transport emissions.

- **a single TTE pathway i.e including international aviation & shipping emissions**, which in turn requires the formal inclusion of IAS within the UK carbon budget, as again recommended by CCC in its 2020 Progress report. TfN will recall that the ETOs have made repeated representations about aviation policy. At the moment DT states that 'Airport expansion is a core part of boosting our global connectivity and levelling up across the UK.'

- **a pathway that is co-ordinated with and directive of the decarbonisation pathways now being developed by STBs, city regions, and local authorities, and relevant agencies such as Highways England**. DT is silent about how transport decarbonisation will be implemented down through subsidiary levels of transport governance and decision making without such an interconnected policy framework.

4. The ETOs are a member of the transport roundtable of the national [Cutting Carbon Now](#) initiative, and we participated in the roundtable's discussion on 18th August with the DfT officials responsible for developing the eventual TDP. I specifically asked about the TDP's intended approach to the 3rd characteristic: the decarbonising activity that had to be undertaken at subsidiary levels below the national. I suggested that the TDP needed to provide a sufficiently directive, national policy framework which would allow those subsidiary levels to plan, implement and interlock their own decarbonisation activities; and to do that the TDP would need to be built up from scenario modelling of the sort mentioned in the STP, and also put into practice in the West Yorkshire study. I said that, without this 'carbon leadership', it was not clear how decarbonisation down through the levels, and also involving the likes of Highways England, could be achieved in practice.

Unfortunately the DfT response to these points was half-hearted and ambiguous.

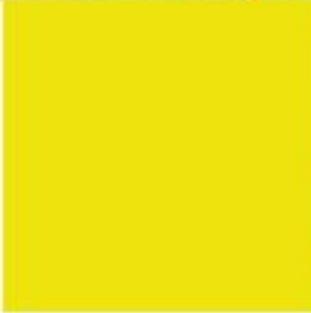
5. In the consultation response you are considering there is a great deal with which we agree - and that includes support for EV phase-in acceleration to 2032 *paras.4.8 & 5.1* and recognition that this in itself will not be sufficient and that demand management also needs to be considered 5.5 - but we specifically want to single out this statement: 'Central to this will be for DfT to build scenario planning into the TDP. The Setting the Challenge document didn't express what, if any work, DfT are already doing in this space, but we know that scenario planning is valuable to consider impacts of different policy drivers, regulations and behavioural change to make different futures plausible.' *para.3.3 and then elaborated on in 3.4*

6. We want to take this point one step further and suggest a critical role for sub-national transport bodies like TfN: to take up an essential and mediating role between on the one hand the DfT's national decarbonisation policy framework at the level above, and on the other the city region/local authority levels below. It seems to us that the **STBs operate at exactly the right geographical and institutional scale to take the forthcoming national decarbonisation framework, and then apply and co-ordinate it down through the subsidiary levels beneath.** The decarbonisation pathway already provided for in your STP, and now in preparation, provides just the mechanism to fulfil that mediating role, *as long as* the DfT understands that this can be the essential link in the downwards decarbonisation chain, and then designs the national policy framework to incorporate that role. At the moment the DfT don't appear to have noticed these possibilities; indeed the recent decision to appoint a 'Northern Transport Acceleration Council' seems to confuse the context within which the TfN strategy needs to make systematic progress.

7. So we would urge you to consider **adding the positive potential that this mediating role for STBs represents to your consultation response**, and then commend it to the other STBs for them also to support. We believe it will take a collective effort by all the STBs for them to secure their essential role in transport decarbonisation over the next decade. In the consultation response that the Cutting Carbon Now initiative makes to *Decarbonising Transport* we will be emphasising the importance of this critical element of the new framework's structure.

Anthony Rae  
*on behalf of the Environmental Transport Organisations grouping*  
25th August 2020

# Update on Operational Rail





# Work since Covid

- Since lockdown in March timetables, rail services have been incrementally increased from 45% to 90%.
- Demand has increased to around 25-35% of pre-COVID levels, dependent on Operator.
- This comes at considerable cost to the Treasury, as revenues are significantly reduced.
- Operators have implemented strong COVID safe measures to help passengers travel with confidence.
- Local lockdowns, increased infections and 'work from home where possible' messages will likely reduce demand for rail services over the winter and into next year.
- Resources within Operators are also likely to come under pressure from sickness and COVID pressures.
- TfN continues to work closely with industry and stakeholders to support the build back of high performing timetables.



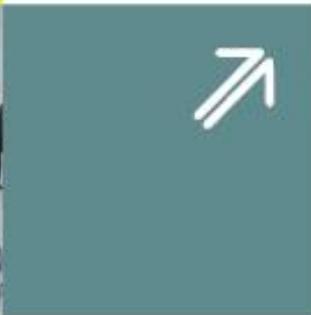
# Rail Operator Changes

- At the start of lockdown, Rail Operators were placed in 'Emergency Measures Agreements' that enabled services to continue running. These arrangements were in place until September 2020.
- The Department for Transport took over revenue risk as part of this arrangement.
- New arrangements have now been put in place known as ERMA's (Emergency Recovery Management Agreements) with Operators that are not under Operator of Last Resort arrangements.
- These provide fixed management fees which are incentivised for good performance, punctuality and passenger satisfaction. Revenue risk remains with the Department for Transport as before.
- These new arrangements will remain in place up to 18 months.
- The Rail North Partnership have been heavily involved in the implementation of these arrangements.



# Influencing the Future

- TfN has implemented the action plan following the Blake-Jones review.
  - A new governance process flowing from Rail North Committee to Officers at both strategic and operational level has been put in place.
  - Good work as part of North of England Contingency Group will be continued as part of our promise 'to put the passenger first.'
- TfN have also commenced a piece of work to look at future rail services. This will consider Covid demand and changing travel patterns as we look the influence future changes.
- TfN has produced an Economic Recovery Plan bringing together rail schemes that will support future recovery in the North.



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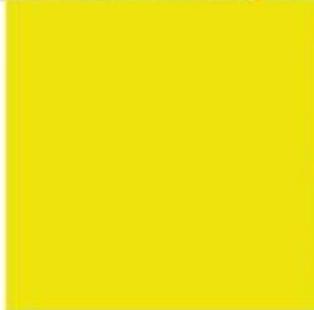
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## Integrated and Smart Travel: Innovation Partnership Procurement

**Scrutiny Committee**  
**Wednesday 28<sup>th</sup> October 2020**





# Context of this procurement

In 2018, TfN began a procurement to source a multi-operator, multi-modal account-based travel system. The rationale was that the public sector would address 'market failure' to deliver seamless multi-modal, multi-operator ticketing by pump-priming a multi-operator scheme, through injection of capital and some initial opex.

The procurement was withdrawn in January 2020 as TfN were unable to ascertain whether enough operators were committed to join the scheme in order to deliver a sustainable longer-term operating model.

TfN and its partners still maintain the vision for multi-modal, multi-operator seamless travel, and are seeking a different delivery approach.

Any new scheme, product or service needs to be cognisant of the issues faced previously: i.e. any additional transaction cost to transport operators; business disruption and additional cost of moving from a recently adopted and embedded business wide solution; likelihood that passenger numbers offset any additional costs.





## Procurement route

The IST team has explored innovation procurement routes and believe that a Regulation 31 procedure is best suited.

The purpose of the Regulation 31 procedure is to allow for the public and private sector to establish partnerships with the aim of developing an innovation solution. The contracting authority sets out what it wants to solve and then works with partners to develop innovation solutions.

TfN must identify the need for an innovative product, service or works that cannot be met by purchasing product, service or works from the market.

It allows TfN to establish Innovation Partnerships with one partner or several partners conducting R&D activities to gain the 'best' possible solution.





# Proposed Challenge Statement

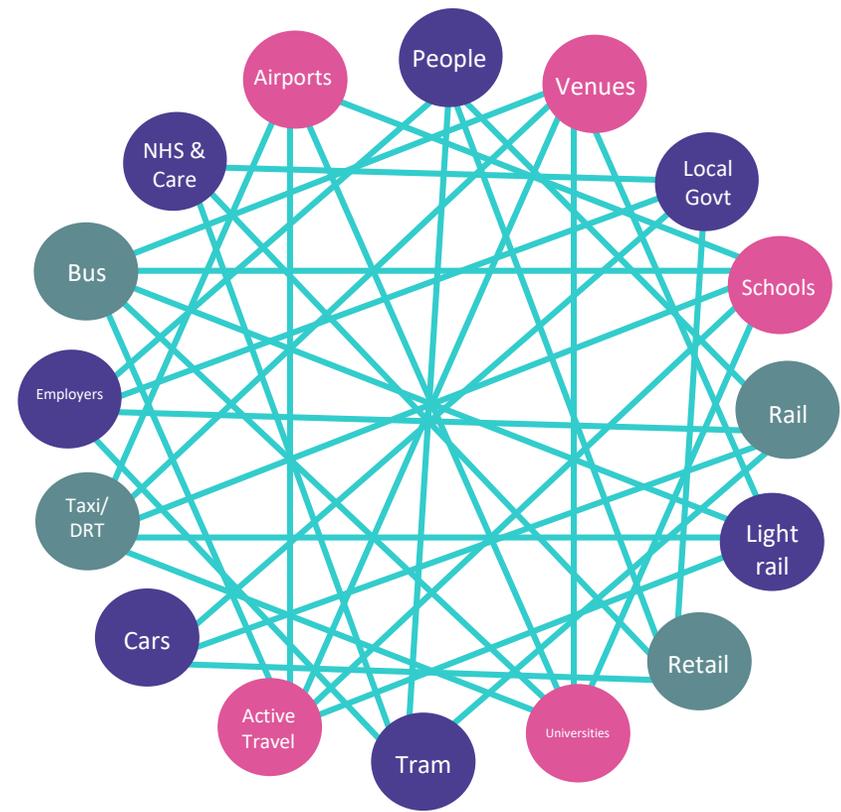
## “Digitally connect transport actors to enable incentivisation of greener, shared and active mobility across the North of England”

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What problem are we trying to solve with this challenge statement?

**Absence of capability to provide incentives\* for travellers to use shared, green and / or active modes of travel for multi-modal and / or multi-operator journeys across the North of England.**

*\* In this context "incentive" means a benefit provided to a traveller. This could include but is not limited to a financial benefit, time saving, accessibility benefit, or other "in kind" benefit.*



Market Sounding Questionnaire carried out w/c 5th October. Findings validated approach and allowed refinement of procurement documentation.

Following assurance, 'Go/No-Go' point at IST Programme Board on 15<sup>th</sup> October – agreed to start the procurement.

Procurement launched Monday 19<sup>th</sup> October.

Future dates:

Expressions of interest received:	18 <sup>th</sup> November 2020
Round One 'pitch days':	21 <sup>st</sup> /22 <sup>nd</sup> December 2020
Round Two R&D phase:	Jan – March 2021





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## Scrutiny Committee

**Subject:** Business Planning Process 2021/22

**Author:** Iain Craven, Finance Director

**Sponsor:** -

**Meeting Date:** Wednesday 28 October 2020

### 1. Purpose:

- 1.1 For the Scrutiny Committee to be briefed on the Business Planning process for 2021/22.

### 2. Background:

- 2.1 A business planning process is a key component of effective corporate governance, providing the underpinning for the effective operation of the organisation's outputs, resourcing, performance and culture (including the annual budget).
- 2.2 In addition, the Memorandum of Understanding that TfN has agreed with the DfT requires a business plan to be completed as a prerequisite for funding to be released each year.
- 2.3 On 28 August TfN submitted a Comprehensive Spending Review (CSR) submission to the DfT. This is the first step in a process that will continue through to an announcement by the Chancellor, probably in mid-to-late November. TfN has requested funding that will allow it to maintain its Core operations and continue to deliver its aspirations around the NPR and IST programmes.
- 2.4 The original CSR process was intended to commence in March 2020 and would have concluded in the summer. The delay until November, caused by the Covid-19 pandemic, means that we are unlikely to achieve certainty in relation to the funding allocations for 2021/22 onwards until after we would normally have substantially completed the business planning process. The currently stated intention of HMT is for the settlement to cover three years, although there is clearly a risk that this may be reduced, as was the case in 2019 when a one year settlement was provided.
- 2.5 Transport for the North receives virtually all its revenue from central Government via the DfT. Any business planning activity that can be done in the autumn would be absent any certainty with regard to the

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level of funding that will be available to it. This will in turn create a significant challenge to our ability to produce a fully worked up and funded budget, as we are required to do, by 1 April 2021.

### **3. High Level Timelines:**

- 3.1 In previous years, we have taken a final draft business plan and budget to the March Board for approval. This has required substantially complete business planning and budget documents to be presented to the February meetings of the Executive Board and Scrutiny Committee. This has required those papers to be largely agreed by the beginning of February.
- 3.2 Further, in order to test the proposed business plan with members, we have previously presented a draft high-level business plan to the Partnership Board at its pre-Christmas meeting. This year that meeting will be held on 19 November, meaning that the report will need to be circulated on the 11<sup>th</sup>.
- 3.3 Even in the best of circumstances, it is unlikely that a target date of 11 November would provide sufficient time for all elements of the business plan to be developed. In previous years, the corporate action plan and external facing elements were fully worked up in time for the November Partnership Board, but the internal planning, resourcing and finance elements were still at a high level at that stage (i.e. sufficient to give comfort that the options provided to the Board are deliverable).
- 3.4 However, as noted in 2.5 this is all *prior* to the date by which TfN expects to receive confirmation of the resources that it will have available to it over the next three years, and specifically in relation to 2021/22. This indicates that TfN will not be able to follow the same business planning process as previously with the same certainty that it will produce a basis for an adoptable budget by the start of 2022.
- 3.5 Transport for the North has therefore considered the extent and timing of the work that will need to be undertaken, the challenges that we face, and the means by which we will finalise a business plan and budget once certainty around funding has been received.

### **4. Challenges & Options**

- 4.1 As noted in Section 3 above, the key challenge that TfN faces is the level of uncertainty that exists across its business areas.
- 4.2 This includes:
  - 1) The level of Core Funding that will be received.
  - 2) The delivery model that will be adopted for NPR as well as the funding that will be allocated.

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3) The level of funding that will be allocated for IST.

Whilst this uncertainty clearly impacts on all aspects of the business, TfN can flex the activity it undertakes on its programmes to align with the funding that is allocated. This is more challenging in relation to the Core from which TfN is required to deliver a range of statutory functions. In addition, the financial dynamic in relation to the Core reserves means that the fundable activity level in 2021/22 will be driven more by the year three outturn position than by the funding notionally available in year.

- 4.3 In addition, the nature of TfN's operations means that there is an interplay between the various elements of the business, with both risks and opportunities possibly arising from the final programme settlements.
- 4.4 Transport for the North therefore currently has a very limited basis upon which to make meaningful planning assumptions in relation to either the Core activity or our programmes.
- 4.5 This in turn will make it impossible to complete the business planning process to the usual timelines. However, there is still a requirement upon TfN to adopt a balanced budget by the start of the next financial year.
- 4.6 Transport for the North therefore had three broad options:
- 1) To attempt to predict the outcome of the CSR and prepare a Business Plan on that basis.
  - 2) To undertake a preparatory exercise to identify delivery priorities and high-level work programmes over the next three years as preparation for when funding certainty is achieved.
  - 3) Delay business planning activity until the outcome of the CSR has been confirmed.
- 4.7 Option 1 would require a significant effort on the part of colleagues across TfN without any certainty that that effort would not be nugatory. Indeed, it is likely that whatever assumptions were made would be incorrect. This is particularly the case given the range and nature of the uncertainty faced.
- 4.8 Option 2 would not allow a business plan to be produced. However, it would allow TfN to consider some key issues in relation to both 2021/22 and the full CSR period in a way that could then inform the planning process once the funding allocation had been confirmed.
- 4.9 Option 3 would minimise the level of wasted effort but would leave TfN very poorly placed in relation to the development of either the business plan or the budget and substantially compromise TfN's ability to agree a budget as is legally required. This is particularly the case as the first quarter of 2021, immediately following the CSR announcement, is

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likely to require senior management to focus on the approval of the NPR SOC.

- 4.10 Transport for the North has therefore adopted Option 2 as its preferred approach.

## **5. Objectives:**

- 5.1 Regardless of the challenges that we face, the overall aim of the business planning process will be to produce a document that can be the basis for a robust budget for 2021/22 and beyond.
- 5.1 The business plan document will set out TfN's vision, mission and objectives for 2021/22, milestones for achievement of outcomes, the associated financial and people resource requirements, risks and external interdependencies. It is expected that the core of the plan will be derived from the need to discharge our statutory functions and from decisions that have previously been taken by the Transport for the North Board.
- 5.2 This will require TfN to produce a high-level output plan for 2021/22 that includes both external deliverables and internal development. Additionally, given the likelihood that the Core funding settlement will be below the level of our submission, and therefore require reductions in costs year-on-year to ensure financial sustainability, we will need to produce plans for 2022/23 and 23/24. The level of detail required at this stage for the later years will be dependent on the level of Core settlement that TfN receives.
- 5.3 This will provide the framework for programme and corporate planning, including the development of detailed activity which in turn will drive team and individual objectives and measures. These plans will allow effective workforce planning and a budget to be produced. Additionally, monthly and quarterly financial performance reporting will continue. Budget Revision 2 will form the 2020/21 outturn upon which planning for 2021/22 will be based.
- 5.4 The business planning process to be developed will facilitate:
- Golden thread approach - consistency between the activity, objectives and measures at the corporate, departmental and individual level through to appraisal and individual objective setting processes.
  - Effective risk management aligned to delivery plans.
  - Externalities – TfN needs to collaborate with DfT and its key delivery partners (in particular Network Rail and Highways England) to mutually understand objectives and resourcing levels /

requirements to ensure that activity is neither duplicated nor missed.

- Internal performance planning and monitoring at the corporate, departmental and individual basis.
- Effective resource planning, people and financial aligned to deliverables - this is particularly important given the transitional state of the organisation and the internal development activities required.
- A look forward to future years to support medium term financial planning.

5.5 The target output from the business planning process will be a fully resourced and costed workplan that will provide a framework within which TfN will operate during 2021/22 and an associated operating budget.

5.6 However, we need to acknowledge that any significant move away from current funding levels for either core activity or programmes will significantly increase the challenge that Transport for the North faces and may indicate the need for a “holding” budget to be put in place supported by a business planning process and revised budget to be completed in Q2 of 2021/22, once the NPR SOC and year end accounts processes have been finalised.

## **6. Recommendation**

6.1 That Scrutiny Committee note the challenges and approach to the 2021/22 business planning process.

## **7. Appendices**

Appendix 1 – Business Planning Slides

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**Required Considerations**

Equalities:

Age	Yes	<b>No</b>
Disability	Yes	<b>No</b>
Gender Reassignment	Yes	<b>No</b>
Pregnancy and Maternity	Yes	<b>No</b>
Race	Yes	<b>No</b>
Religion or Belief	Yes	<b>No</b>
Sex	Yes	<b>No</b>
Sexual Orientation	Yes	<b>No</b>

Consideration	Comment	Responsible Officer	Director
Equalities	A full Impact assessment has not been carried out because the report does not propose any new strategy or service provision	-	Iain Craven

Environment and Sustainability

Yes	<b>No</b>
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Consideration	Comment	Responsible Officer	Director
Sustainability / Environment – including considerations regarding Active Travel and Wellbeing	A full impact assessment has not been carried out because the report does not propose any new strategy or service provision	-	Iain Craven

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 Legal

Yes	<b>No</b>
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Consideration	Comment	Responsible Officer	Director
Legal	There are no new legal implications for TfN as a result of this report	Julie Openshaw	Dawn Madin

## Finance

Yes	<b>No</b>
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Consideration	Comment	Responsible Officer	Director
Finance	There are no new financial implications for TfN as a result of this report.		Iain Craven

## Resource

<b>Yes</b>	No
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Consideration	Comment	Responsible Officer	Director
Resource	Resourcing planning for future years is integral part of the business planning process.	Head of HR	Business Capabilities Director

## Risk

<b>Yes</b>	No
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Consideration	Comment	Responsible Officer	Director
Risk	A risk assessment has been carried out and the		Iain Craven

	key risks are included in the report.		
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Consultation

Yes	<b>No</b>
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Consideration	Comment	Responsible Officer	Director
Consultation	No consultation has been carried out since this report does not propose any new policy or strategy	-	Iain Craven

# TfN Business Planning Process

Scrutiny Committee  
October 2020





## Purpose



- To brief the Scrutiny Committee on:
  1. TfN's CSR submission.
  2. The business planning process for 2021/22;
  3. The specific challenges faced by TfN; and
  4. The proposed approach to delivering a business plan and budget for approval at the 10 March Board.
- To facilitate discussion regarding the approach that will need to be adopted.



## Key points

- TfN is faced by a high degree of uncertainty with regard to all of its operations and will not be able to follow normal business planning process.
- However, there is still a legal obligation to set a fully funded budget by the start of 2021/22.
- There will need to be an intensive and focused process in January/February 2021.
- Dependent on CSR outcomes, this process will potentially include redesign of the organisation – this will require a CEO led steering group.





## The TfN CSR Submission (1)

	21/22 £'m	22/23 £'m	23/24 £'m	<b>RDEL</b> <b>£'m</b>	24/25 £'m	<b>CDEL</b> <b>£'m</b>
Core Funding	11.2	11.2	11.2	<b>33.6</b>	-	-
IST						
- Revenue	8.7	5.5	3.2	<b>17.4</b>	-	-
- Capital	40.0	67.1	38.6	-	29.8	<b>175.5</b>
NPR						
- Revenue	98.7	162.0	251.2	<b>511.9</b>	-	-
- Capital	-	14.9	62.0	-	336.5	<b>413.4</b>





## The Business Planning Process for 2021/22



1. TfN's business planning process would normally begin in September and be substantively concluded by the January Board meeting to allow a budget to be set and approved in March.
2. However, the best estimate that we have is that we are unlikely to receive a funding allocation from the department before the start of December at the earliest.
3. As well as the basic uncertainty regarding the quantum of funding that will be allocated, it is also possible that funding will only be confirmed for a single year.
4. Further, there are additional uncertainties in relation to both TfN programmes regarding funding and delivery model.
5. However, TfN is still required by law to have a fully funded budget in place at the start of the new financial year on 1 April 2021.



## Specific Challenges (1) Context

### **There are some current unknowns that need to be considered:**

- **Integrated Rail Plan (IRP):** Understood to be reporting 'by end of the year' but NIC presenting early findings to Govt in November. Will set scope, capital envelope, sequencing and delivery strategy.
- **Williams Review:** Current situation with COVID causing tension regarding future of railways given extension of support packages. Broadly, Williams may not be released as 'one big bang' moment/document, but schemes within it progressed separately (flexi/smart ticketing).
- **Rail franchises:** Rail franchises are reported to be replaced with direct service contracts from April 2021. Unknown role of TfN in such landscape, in management of franchise and holding TOC to account
- **Devolution White Paper:** Expected 'later this year' – SoS for DCLG has said: 'placed-based regional economic strategy, one which helps us to kick-start the recovery and to level up'. Expected to focus on devolution to combined authorities/mayors.
- **National bus strategy:** Also due to be published later this year, implications for franchising and smart ticketing.



## Specific Challenges (2) Multiple uncertainties

- **Core funding:** Holding TfN's Core funding flat at £10m would require a reduction in costs of £1.2m per year for three years in order to maintain TfN's General Reserve target. In that example, any delays to the level of cost reduction would increase the levels of savings that would be required in years two and three of the CSR period. In addition, with the reserve level reduced to £2m there would be no further ability to feed in cash brought forward from TfN's early years and therefore TfN would need to operate entirely within its annual allocation thereafter – this has further implications for cost levels at the back end of the cycle.
- **Northern Powerhouse Rail:** Aside from the level of funding there is uncertainty as to the delivery model that will be adopted, the timing of any changes if any, and the downstream implications for TfN. All these will impact on the capacity requirement within TfN and the operability / sustainability of teams such as TAME that operate across the core / programme funding boundary.
- **Integrated Smart Travel:** There are a wide range of potential outcomes in relation to the IST ask. We know that DfT is providing a number of options to HMT which would imply differing levels of input from, and therefore funding for, TfN. This impacts on the organization more broadly, and on the core funding position.



## Proposed approach (1)

1. There are too many variables within TfN's core funding outlook to create meaningful planning scenarios. Attempting to plan for multiple options prior to funding being announced would be both time consuming and largely nugatory.
2. However, it is equally not advisable to delay all the thinking that might need to be carried out until after a funding notification in December as there will only be eight weeks from the start of January until the Budget paper has to go to the Board on 2 March.
3. In the period between now it is therefore proposed that TfN undertakes a qualitative exercise with Directors and Senior managers to understand the extent and timing the work that TfN needs to do over the next three years. This would need to be split into the following categories:
  - Required to fulfil or support a statutory function (i.e. the renewal of the STP).
  - Activity to which we believe TfN is committed or that we consider critical to achieving its objectives.
  - Activity that we would like to undertake.
4. Where it is more feasible to undertake a more detailed planning exercise it is proposed that we do so. This would include the NPR programme, where discussions with the department indicate a level of certainty sufficient to create an outline plan, and IST where the essentially modular nature of the programme should allow planning to be undertaken on the basis of our submission.





## Proposed approach (2)

Putting this approach into effect will involve the following:

1. Recognition that we will still need to produce a robust business plan and associated budget – activity will still need to be linked to a “Golden Thread” as in previous years.
2. Early consideration of the form of the documents that we aim to take to board – for example, would we be able to prepare a designed document as in previous years.
3. Understanding how we will comply with the requirements of TfN governance and the nature of the documents that will be prepared.
4. The allocation of resources to allow the work to be co-ordinated and the plan to be created.
5. A largely top down approach in the eight weeks after Christmas driven by the timescales involved – that places a premium on interaction with the business in the autumn.
6. The need to collectively commit to revised planning horizons both prior to the funding announcement and thereafter, and the prioritisation of business planning.
7. Where is it possible to make reasonable assumptions regarding funding, such as in the NPR programme and possibly IST, for more detailed work to be undertaken prior to Christmas.
8. The creation of a small steering group, led by the CEO, to manage the process week on week to ensure that decisions can be taken quickly as required and drive delivery against timetables.





## Proposed approach (3) - Risks

1. That the final Core settlement from DfT is reduced from current levels – this would require a reappraisal of TfN operations.
2. That there is continuing uncertainty regarding NPR and IST beyond Christmas 2020.
3. Clashes with other significant TfN activity, most notably the production of the NPR SOC. This is likely to reduce the senior management time available for business planning.
4. The compression of the process in the first quarter of 2021 means that there is insufficient time to produce sufficiently robust business planning and budget outputs.



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**Subject:** HS2 Phase 2b Western Leg Design Refinement Consultation

**Author:** Jonathan Brown, Strategic Rail Lead

**Sponsor:** Tim Wood, Northern Powerhouse Rail Director

**Meeting Date:** 28 October 2020

**1. Purpose of the Report:**

1.1 This report provides information on the HS2 Western Leg Design Refinement Consultation launched by the Government on 7 October 2020 and seeks views from the Scrutiny Committee to inform a Transport for the North response. The consultation closes on 11 December 2020.

**2. Executive Summary:**

2.1 High Speed 2 (HS2) is the Government’s strategic rail programme to link the North with London, the Midlands and Scotland. HS2 is a network of new railways from London which serve both the east and west of the Pennines and connect to the east and west coast main lines respectively. The HS2 network is integral to plans for Northern Powerhouse Rail (NPR).

2.2 Following the Oakervee Review, the Government has decided that the western leg of Phase 2b from Crewe to Manchester and the North West will be developed first. To support this, a consultation on design refinements at four locations in the North West and Scotland was launched in October 2020. At the same time the Government also announced the outcome of the previous consultation held in 2019.

2.3 The Government intends to publish its Integrated Rail Plan by the end of 2020 which will set out the form, scope and phasing of NPR, HS2 Phase 2b, and other Network Rail programmes.

<b>3.</b>	<b>Consideration:</b>
3.1	HS2 is the Government’s Strategic Rail programme to link the North with London, the Midlands and Scotland. HS2 is a network of new railways from London which serve both the east and west of the Pennines and connect to the east and west coast main lines respectively. The HS2 network is integral to plans for Northern Powerhouse Rail (NPR)The Government announced its intention to proceed with HS2 in February 2020 following the Oakervee Review,

	and also said that the western leg would be taken forwards as a priority with a view to a hybrid Bill being submitted in early 2022. The Government is currently developing an Integrated Rail Plan to bring together HS2, NPR and other major rail programmes in the North and Midlands and it intends to publish this plan by the end of 2020.
3.2	HS2 and Northern Powerhouse Rail collectively form a transformational network for the North of England. The western leg of HS2 also forms part of current NPR plans between Liverpool and Manchester including serving Manchester Airport. The eastern leg of HS2 is also part of NPR and full delivery of the whole HS2 network is essential.
3.3	The route of HS2 was largely confirmed in 2016 following extensive consultation. Since then, there have been a series of public consultations on refinements to the consulted route. The Phase 2b Design Refinements Consultation launched on 7 October 2020 is the next phase of such exercises.
3.4	The consultation launched on 7 October has 4 main elements: <ul style="list-style-type: none"> <li>• Crewe Northern Connection &amp; changes to the design of Crewe North Rolling Stock Depot</li> <li>• Changes to the design around Manchester Airport High Speed station</li> <li>• Changes to the design around Manchester Piccadilly High Speed station</li> <li>• The introduction of a new train stabling facility at Annandale, in Dumfries and Galloway</li> </ul>
3.5	Crewe Northern Connection is a new junction allowing HS2 trains to call at Crewe then rejoin HS2 infrastructure to head towards Manchester or Preston, as well as reaching Liverpool using the planned NPR network. The Strategic Transport Plan recognises the importance of Crewe Northern Connection to the North of England and in particular in supporting the wider Crewe Hub plans being led by Cheshire East Council.
3.6	A station serving Manchester Airport has been part of HS2 plans for several years. The current consultation seeks views on an enlarged station which would provide two additional platforms to accommodate NPR, together with local improvements including Metrolink access. The station itself is sub-surface with buildings and car parking at surface level. Providing better links from Manchester Airport to key centres across the North is a key objective of NPR and the proposed changes facilitate this.
3.7	HS2 serves a new station on the north side of the current Manchester Piccadilly Station. In this consultation, it is proposed to increase the size of the station to provide a total of six platforms to accommodate Northern Powerhouse Rail and provide for a new connection for NPR to head east. There are other changes to better accommodate Metrolink

	<p>and to reduce the impact on the Ardwick train maintenance depot. Piccadilly is a key location on the NPR and HS2 networks and the proposals support this. The consultation assumes that a surface station at Piccadilly is the best option from a rail operations perspective. Clearly there are other options at Piccadilly including a fully underground station and these are being developed with the Department for Transport, HS2 Ltd and Greater Manchester partners and a final view on the nature of Piccadilly has not yet been decided.</p>
3.8	<p>The final element of the consultation is a new train stabling facility at Annandale, adjacent to the West Coast Main Line 18 km north of Carlisle Station.</p>
3.9	<p>Although not part of the formal consultation, some changes have been made to other parts of HS2 in the North West, including minor amendments to the Golborne Link proposals to reflect earlier feedback. These do not change the alignment but include changes to structures and to impacts on local access and site compounds. In addition, HS2 Ltd has published details of the works it considers necessary to accommodate HS2 services at Preston and Carlisle stations. These works are within the existing station boundaries and include new 400m long platforms to accommodate HS2 trains with additional platforms to accommodate local services and access improvements.</p>
3.10	<p>At the same time as launching the consultation on changes to HS2 on 7 October, the Minister of State also published his response to the Design Refinements Consultation held in 2019. This included 11 changes to HS2 including passive provision for two new junctions near High Legh and Ashley in Cheshire East that facilitate NPR links between Manchester and Liverpool and HS2 access between London and Liverpool. The passive provision for the two NPR junctions has been confirmed, meaning that the Government is minded to include them in the HS2 scheme. This is positive in that it supports the plans for the NPR network.</p>
3.11	<p>All aspects of HS2 are subject to the Integrated Rail Plan including those that are part of the current consultation. If the Integrated Rail Plan recommends other proposals are taken forwards, such as an underground Piccadilly option, further redesign would be needed.</p>
3.12	<p>TfN's position is that HS2 needs to be delivered in full so that all of the North benefits, meaning that both the eastern and western legs of HS2 need to be constructed. Full delivery of HS2 is also essential to allow NPR to be implemented as is currently envisaged. The eastern leg of HS2 from Birmingham to Sheffield, Leeds and York and extending to the North East via the East Coast Main Line is currently on hold pending the Integrated Rail Plan. Work by HS2 East and others has shown the importance of the eastern leg and early commitment to its implementation in full is essential to support the Strategic Transport Plan aims.</p>

#### **4. Next Steps**

- 4.1 TfN will be responding to the Western Leg Design Refinement Consultation. This consultation closes on 11 December 2020 and we will work with Partner authorities in developing an appropriate response. Comments from the Scrutiny Committee are welcome to inform that process.

#### **5. Recommendation:**

- 5.1 It is recommended that the Committee considers the HS2 Western Leg Design Refinements Consultation and any points that should be included in a TfN response.

### List of Background Documents:

There are no background papers to this report.

### Required Considerations

Please confirm using the yes/no options whether or not the following considerations are of relevance to this report. <Delete this line from completed report.>

### Equalities:

Age	Yes	<b>No</b>
Disability	Yes	<b>No</b>
Gender Reassignment	Yes	<b>No</b>
Pregnancy and Maternity	Yes	<b>No</b>
Race	Yes	<b>No</b>
Religion or Belief	Yes	<b>No</b>
Sex	Yes	<b>No</b>
Sexual Orientation	Yes	<b>No</b>

<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Equalities	A full Impact assessment has not been carried out because there are no Equalities implications	Jonathan Brown	Tim Wood

### Environment and Sustainability

Yes	No
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Sustainability / Environment – including considerations regarding Active Travel and Wellbeing	A full impact assessment has not been carried out at this stage. Sustainability and Environment will be considered in developing the TfN response.	Jonathan Brown	Tim Wood

### Legal

Yes	No
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Legal	There are no new legal implications for Transport for the North as a result of this report	Deborah Dimock	Julie Openshaw

### Finance

Yes	No
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Finance	TfN Finance Team has confirmed there are no financial implications.	Paul Kelly	Iain Craven

### Resource

Yes	<b>No</b>
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Resource	There are no direct resourcing implications to TfN as result of this report.	Stephen Hipwell	Dawn Madin

### Risk

Yes	No
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Risk	There are no risks related to the consultation to TfN. A risk assessment will be considered depending on the outcome of the consultation.	Haddy Njie	Iain Craven

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# Agenda Item 10

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# Agenda Item 11

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