

Transport for the North Board

Subject: Northern Powerhouse Rail Strategic Outline Case Timing

Author: Tim Wood, Northern Powerhouse Rail Director

Sponsor: Barry White, Chief Executive

Meeting Date: Thursday 18 February 2021

1. Purpose of the report:

1.1 Members are asked to:

1. **Note** that the Transport Secretary has stated that DfT wishes that the submission of the NPR Strategic Outline Case (SOC) be delayed so that it can be preceded by the Integrated Rail Plan (IRP).
2. **Resolve** whether to agree to the request to delay the submission of the SOC until after the IRP.

2. Executive Summary

2.1 This paper sets that the Transport Secretary wishes to delay the NPR SOC in order to allow the outcome of the IRP to be taken into account. Given the co-cliented nature of NPR the paper examines the options on how to proceed setting out the practical limitations of not agreeing to the delay and also the context of TfN seeking a co-sponsorship role on NPR going forward into the next phase of development and delivery.

3. Background

- 3.1 An updated Strategic Outline Case (SOC) for Northern Powerhouse Rail is being co-cliented and jointly developed by TfN and DfT. This aimed to agree a single preferred network for NPR.
- 3.2 Following the strong cooperation and collaborative working across the co-client organisations, the SOC is currently on track for submission to government in March 2021. The SOC updates and further strengthens the case for NPR whilst significantly narrowing down the options to be taken forward.
- 3.3 The shortlisting exercise completed at a corridor and hub level has resulted in some corridors identifying a single preferred route/hub route option, whereas others have identified a number of shortlisted concepts.

- 3.4 There is DfT and Transport for the North agreement on the broad route options for some parts of the network, while agreement is yet to be reached on other sections of the NPR network, including the new line corridors.
- 3.5 There is an opportunity to support accelerated delivery where it is possible to robustly evidence a single preferred concept. The DfT has been clear, and Transport for the North agrees, that it is highly desirable that a single preferred concept is identified for each corridor/project to enable the programme to progress quickly and meet our joint aspirations around accelerating delivery.
- 3.6 An NPR MoU covering the duration of the SOC development was agreed by the TfN Board in March 2020 which covers how the co-client relationship between TfN and DfT will work to enable all stakeholders, alongside central government, to be sighted on development of the programme and involved in key decisions throughout the development process.
- 3.7 The MoU sets out that TfN operates within a national policy legislative and governance framework, that is managed through DfT and for which the Secretary of State for Transport is responsible to Parliament. This means that the Transport Secretary is accountable for the development, adoption and amendment of policy to the extent that these affect the NPR Programme.
- 3.8 As per section 2.1 of the TfN Constitution, TfN has been established to provide a single voice for the North, to facilitate the development and implementation of transport strategies in the North. The principal policy role of TfN Board in relation to NPR is to provide statutory advice to the SoS. As set out in the other NPR paper on the 'Preferred Way Forward' we will be able to offer that advice on the north's preferred way forward on NPR if agreed by the Board.
- 3.9 This means that where there are policy disagreements, e.g. about the preferred network, the ultimate decision lies with the Transport Secretary. The Grant Funding Agreement also sets out that the programme must consider further steers which impact the aims and objectives of the scheme. Steers may be received from the Prime Minister, the Secretary of State for Transport, Her Majesty's Treasury and the Department's Board Investment and Commercial Committee, alongside Transport for the North's internal governance.
- 3.10 Following the publication of the Rail Needs Assessment, TfN wrote to the Transport Secretary setting out advice on the National Infrastructure Commission's Rail Needs Assessment and the Board's initial views on its preferred way forward for NPR.
- 3.11 The TfN statutory advice on the IRP argued strongly for Government to fully recommit to HS2, NPR and other major Northern schemes, placing

rail investment right at the heart of an ambitious vision to level up opportunity, decarbonise transport and act as a catalyst for growth. Throughout the IRP process, TfN members have been clear about the need to consider NPR and HS2 as a single integrated network - the cornerstone of a 25-year programme to transform the North of England's rail network to deliver our economic and environmental objectives. The TfN submission also emphasised the need to make decisions transparently and with the direct involvement of TfN members.

- 3.12 The Transport Secretary, in his response, expressed his intention to consider the advice provided by TfN alongside other inputs including the RNA in reaching decisions for the Integrated Rail Plan (IRP). The IRP was due to be published by the end of 2020 but has been delayed.
- 3.13 In his letter, the Transport Secretary set out that it would be helpful for the IRP to precede the NPR Strategic Outline Case (SOC):
 - To understand the financial and other aspects of the IRP;
 - To engage with government most effectively; and
 - To avoid the possible need for significant reworking of the SOC to take into account the conclusions of the IRP.
- 3.14 Following this, officials from both organisations have explored the options available, and at a meeting on 3 February 2021, the Secretary of State requested that the submission of the SOC be delayed pending publication of the IRP, and an offer of meaningful engagement on the IRP. On 10 February 2021 DfT emailed TfN confirming that they wish to see the SOC submitted following the IRP and reflecting its conclusions. They also stated in doing so, this will improve overall programme delivery by allowing more single options in corridors. The email also outlined that Andrew Stephenson would be happy to meet again with TfN Board Members as the IRP is being finalised.
- 3.15 Practically, the SOC needs to be agreed by the joint 'co-cliented' DfT/TfN Programme Board before going further into any governance processes. Therefore, either of the co-clients could delay approval of the SOC at Programme Board.
- 3.16 This paper considers the implications for a delay and the options available to TfN.

4. Implications of a delay

- 4.1 The timing of a delayed SOC would very much be dependent on the content and timing of the IRP.
- 4.2 A large proportion of the draft SOC is independent of network choices: the NPR strategic case, and commercial and management cases would

remain very similar to current drafting. The IRP could potentially affect the economic analysis required, consequently modelling and appraisal would drive the timelines for delay:

- a) If the IRP sets a funding envelope for NPR and invites TfN and DfT to achieve consensus on the NPR network within that affordability envelope, the further shortlisting and updating of the SOC would be required. Dependent on the need for additional evidence to support decision making, timescales to submission of the SOC: **6-9 months from the IRP**.
 - b) If the IRP selects a different network or different phasing from the existing shortlisted option, then existing models could be used to run the IRP network configuration. Timescales to submission of the SOC: **c3-4 months from the IRP**
 - c) If the IRP changes the fundamental assumptions on which NPR is based, for example on the infrastructure or timing of HS2 Phase 2B or TRU, or necessitate changes to the interim train service specification, then there would be a need to update baseline models which is a much longer process. Timescale to submission of the SOC: **perhaps upwards of 6 months.**
- 4.3 However, a delay to the submission of the SOC need not necessarily result in a delay to the construction of NPR.
- 4.4 During 21/22, targeted work is planned to undertake further shortlisting on those parts of the NPR network where more than one concept has been shortlisted.
- There could be an opportunity to achieve a single preferred concept on most, or indeed all, of the NPR network within the timescales of a delayed SOC. Alternatively, the IRP could take decisions on the shape of the NPR network based on the SOC evidence removing the need for some or all of the further shortlisting.
- 4.5 Following the acceptance of the SOC, sections of the NPR network with DfT and TfN agreement on a single concept would progress toward further route and design refinement, outline business case and the necessary development consenting in line with the agreed NPR phasing scenario.
- 4.6 Given the agreement on the concepts for these parts of the NPR programme between DfT and TfN, it could be possible to continue to progress work on these even with a delay to the SOC submission if a mandate for this was given by government.
- 4.7 Provided there is meaningful engagement between Ministers and TfN on the IRP, it could be logical for the SOC to follow the IRP. This sequencing would avoid the two documents becoming entangled which could result in a delay.

5. Consideration

- 5.1 TfN has been requested to delay the SOC. The options can be summarised as follows:
1. Agree to support a delay to the SOC
 - a. Unconditionally
 - b. While seeking assurances from the government on the role of TfN in NPR, engagement on the IRP and articulation of the delay.
 2. Decline the request to delay the SOC
 3. Seek to complete a TfN-led SOC by March 2021.

5.2 **1a: Unconditional support to delay the SOC**

Agreement to the delay of the SOC pending the IRP would be most compatible with the ways of working TfN have agreed to through the MoU and Grant Funding Agreement. Our agreement would evidence the ability of TfN and its Board to work collaboratively with government. This could be viewed favourable as the IRP considers the future delivery model for NPR. However, this wouldn't reflect parity in the co-clienting relationship and could compromise our ability to articulate, with a single voice, the transport priorities in the North of England.

5.3 **1b: Support delay to SOC, requesting assurances**

As above, but TfN could include in its statutory advice requests for certain assurances on:

- Meaningful discussion in the development of the IRP as it relates to the North,
- The role of TfN in the future delivery model for NPR, and
- The mandate to progress toward further route and design refinement, outline business case and the necessary development consenting on parts of the NPR network set to start construction in the mid-2020s.

This would also demonstrate flexibility and the ability of co-clients to work together in a more equitable way toward a common aim.

5.4 **2: Decline the request to delay the SOC**

Under the terms of the NPR MoU or Grant Funding Agreement, the Transport Secretary could instruct a pause to the SOC pending the IRP. Even without such an instruction, NPR governance, which is set to

approve the SOC prior to Board endorsement, could also fail to approve the SOC as both co-clients are required to agree. This would result in a *de facto* delay and affect the co-client relationship as we approach the end of the current MoU. This could be perceived as a failure to work collaboratively and potentially risks the future role of TfN in NPR. Finally, the potential for the NPR SOC and IRP to be contradictory could also cause delays and confusion.

TfN legal officers have stated that the co-clienting arrangement means TfN doesn't have an option to submit a SOC independent of DfT agreement, the only option is to submit the independent statutory advice to the Transport Secretary

5.5 **3: Seek to complete a TfN-led SOC**

The current SOC, based on the TfN initial preferred network and shortlisted options agreed between co-clients, is on track for completion in March 2021 and is near final. While the SOC document could be completed, it couldn't be published without a breach of confidentiality and the SOC would not likely be considered for investment decisions in government as it would not be a co-cliented SOC and would be contrary to the MoU. This could also risk future collaborative working, and the future co-sponsorship of NPR agreed by this Board as desirable in January 2021. Finally, under the Grant Funding Agreement, if TfN fails to comply with a steer from government, then DfT could reduce, suspend, or terminate payments of Grant, or require any part or all of the Grant to be repaid.

TfN legal officers have stated that the co-clienting arrangement means TfN doesn't have an option to submit a SOC independent of DfT agreement, the only option is to submit the independent statutory advice to the Transport Secretary.

- 5.6 If the SOC is delayed TfN could provide statutory advice to the Transport Secretary on the progress made, setting out some of the strategic case for NPR, and key conclusions reached in the work to date to inform the IRP. In the time available this would need to be reasonably high level and focus on some key elements.

6. Next steps:

- 6.1 Following agreement on the way forward, TfN will write to the Transport Secretary with our decision. This could be included alongside the updated statutory advice on the NPR Preferred Network.
- 6.2 If a delay is confirmed, we intend to rephase the current review of the SOC, allowing more time for review by officials as much of the SOC will be unchanged by the IRP.

- 6.3 While scenario planning has been undertaken, following publication of the IRP, the implications for the 2021/22 TfN Business Plan would be identified and the Business Plan updated accordingly.

7. Recommendations:

- 7.1 Members are asked to:

1. **Note** that the Transport Secretary has stated that DfT wishes that the submission of the NPR Strategic Outline Case (SOC) be delayed so that it can be preceded by the Integrated Rail Plan (IRP).
2. **Resolve** whether to agree to the request to delay the submission of the SOC until after the IRP.

ENDS

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 at this stage of development.	Stephen Sutcliffe	Tim Wood

Environment and Sustainability

Yes	No
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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 at this stage of development.	Stephen Sutcliffe	Tim Wood

Legal

Yes	No
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Consideration	Comment	Responsible Officer	Director
Legal	Known legal implications are set out within the report.	Julie Openshaw	Dawn Madin

Finance

Yes	No
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Consideration	Comment	Responsible Officer	Director
Finance	The NPR Programme operates within a fixed budget envelope for the year. The costs associated with delivering the SOBC are included in the 2020/21 budget. Future years budgets will be established as part of the business planning process which will be completed after the outcome of the CSR.	Paul Kelly	Iain Craven

Resource

Yes	No
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Consideration	Comment	Responsible Officer	Director
Resource	The NPR Programme operates within a fixed budget envelope. Should there be any agreed changes in funding or delivery timescales, thereafter, any resultant resourcing implications would be worked through in detail once a revised delivery plan is available. Future years budgets and associated resourcing levels will be established as part of the business planning process which will be completed after the outcome of the CSR.	Stephen Hipwell	Dawn Madin

Risk

Yes	No
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Consideration	Comment	Responsible Officer	Director
Risk	Risk assessments continue to be carried out and can be found in the risk register.	Haddy Njie	Iain Craven

Consultation

Yes	No
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Consideration	Comment	Responsible Officer	Director
Consultation	A suitable consultation has been carried out with Transport for the North partners.	Stephen Sutcliffe	Tim Wood