

Transport for the North Business Plan – 2021/22

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Chairman's welcome

**John Cridland CBE
Chairman**

The last year has delivered unprecedented challenges few could have predicted. The North's people and businesses have been rocked by the effects of the global pandemic and our transport network has formed part of an altogether different landscape due to prolonged restrictions.

Trains, once crowded and congested, fell quiet as they carried only key workers, with a strong focus on safety for passengers and train staff alike. Focus on walking and cycling infrastructure heightened as people explored different ways to stay local and active.

Throughout the last year, we've stayed on track to deliver on the priorities of the North's civic and business leaders. A pragmatic partner to Government, we've spoken with one voice on a wide range of issues affecting our communities today and tomorrow. From ensuring rail services responded and the wheels kept turning for those who needed them; to making strong, evidence-based cases for investment in our infrastructure, we have continued to deliver for the North's 15 million people.

Transport for the North's shared vision remains as resolute and relevant as ever as the nation looks to recovery. There has been excellent progress this year, with committed investment in some of our priorities and TfN being on the front foot of putting forward schemes that could be accelerated as part of our Economic Recovery Plan.

We now have the opportunity to reset and recover. This Business Plan details how delivering on our 30-year blueprint for investment in our infrastructure will be central to the national mission to level-up the UK and build back better than what has come before.

We're buoyed by the Government's commitments to levelling up. For us, that means securing investment in transformational schemes that will deliver more opportunities and better quality of life for our communities. In the year ahead, that will include not only providing the evidence for projects that deliver an economic boost, but highlighting the many ways that they can deliver social change; drive decarbonisation at pace; improve how freight is moved across the North and make our transport networks inclusive and accessible.

That must include a better rail network for the North, with Northern Powerhouse Rail at the heart of a long-term, committed infrastructure pipeline. Our work this year will include further development of the network following the Integrated Rail Plan to ensure both commitment and progression to construction as soon as possible.

We'll also ensure the running of our railway is shaped by local knowledge and decisions, whilst providing the innovative analysis and technical evidence that put forward a compelling case for the Government to invest in our networks. The result must be incremental and sustained changes that make our networks greener on the path to net zero.

We've made excellent progress to date, however there is much more still to be done. Our solid partnership and dedicated team will continue to deliver on our shared mission of a thriving North brimming with opportunities. We remain steadfast in our vision that better connectivity is essential to supporting our people, businesses and economy.

06-07

Vice Chairs' forewords

Cllr Louise Gittins Leader of Cheshire West and Chester Council

Despite the immense challenges brought about by the Coronavirus pandemic, Northern leaders through the Transport for the North Board have retained a strong and united voice, ensuring that our vital transport systems continue to operate for those who rely on them most. Thanks to the ongoing work of the Rail North Committee and the North of England Contingency Group, we have helped to ensure the region's network has continued to operate for our key workers through this difficult time; however, we must ensure that this solidarity over the past 12 months remains as we continue to plan for a better future for the North's 15 million people.

We've seen HS2 Phase 2a receive Royal Assent up to Crewe, which will provide much improved regional connectivity. However, we need to integrate this and the remaining Phase 2b section with an ambitious Northern Powerhouse Rail programme that delivers real transformative change in order to cut journey times, deliver increased capacity, and create up to 73,000 new jobs. As Northern leaders, we've submitted our statutory advice to deliver the best route options for our region. The ball is now in the Government's court for them to show whether they match our ambition for the North.

It is also paramount over the next year that we push ahead with the vitally important Northern Transport Charter, so the North is able to truly build back better, and not just back to the way things have always been. If the North is to grasp its true potential, we cannot be made to accept devolution solely decided in Westminster.

The pandemic has focused our minds on the environment and decarbonisation, with surges in demand for active travel within our towns and cities. Following our submission to the Government's transport decarbonisation strategy, Transport for the North will publish our own plan for the region, setting out the scenarios we need to see to deliver a greener North of England. Transport decarbonisation on a regional scale will be largely achieved through a vastly improved rail network. With changes to the Treasury Green Book, we expect that transport appraisal processes will now wholly appreciate the health and environmental benefits that green infrastructure can deliver here in the North. In addition, we will also be bringing forward an updated freight strategy to account for how we can best transport commodities around our region, whilst considering how we can improve our major freight hubs.

Following a year of tough restrictions and economic challenges, it is more important than ever for us to turn our attention to the future potential of the region and deliver new opportunities for people in the North.

Mayor Ben Houchen
Mayor of the Tees Valley

There is no doubt that the current Coronavirus pandemic has impacted the way we live our lives. It has come at a time when the North of England is on the cusp of seeing itself really drive forward into the 21st century and beyond, but I'm sure I speak for everyone when I say that we can't and won't let this hold us back.

The Government is keen to Build Back Better, and this is very much aligned with the ethos of what Transport for the North and Northern leaders, including myself, want to see. The recent announcements in this year's Budget have highlighted the value the region has to offer, from being home to the UK's largest Freeport and the fact that Darlington was chosen as the location for Treasury North which will be home to 750 senior Civil Servants from the Government's most important and powerful department.

Transport for the North has played its role in articulating to the Government what the region needs in order to see its potential realised. An Economic Recovery Plan was submitted to the Government demonstrating the opportunities across the North where investment can make a difference now and in the future. Importantly, this plan wasn't just about isolated schemes, it was about schemes that piece together and connect the whole region better.

Last year when I wrote a foreword for the 2020/21 Business Plan, I said I wanted to see work progress at Middlesbrough and Darlington stations, which I'm happy to say has happened. It is small steps like this that show that things

are still moving in the right direction, step by step, but with a coordinated understanding of how the jigsaw fits together.

I also remember saying last year that the next 12 months will be important for the North, and that remains the case. The Transport for the North Board has been clear in its recommendations for Northern Powerhouse Rail and coming together with a preferred route. The fact that such a large, important project has arrived at an agreement is a testament to the willingness of all of the individual areas to come together, and a recognition that the North really can be greater than the sum of its parts. Over the next year, we will progress with the vitally important Northern Transport Charter, so our region is not always looking to Westminster. We will also move forward with our decarbonisation and freight strategies - these pieces of work are three important agendas not just for the North, but for the UK as a whole.

The path out of the pandemic has almost been cleared thanks to the hard work of so many people in our country. Transport for the North must make sure it follows it to ensure we see the delivery of the investment and schemes we need.

08-09

Introduction

The last year has been unlike any other in recent history. With the global pandemic sending shockwaves across the UK, the North's communities, economy and transport networks faced incredible challenges.

Now, as the nation looks to recovery, our mission to create a prosperous North through strategic transport investment is more important than ever. That mission will be a central pillar of the Government's objective to level up, addressing historic imbalances in UK productivity.

But it must also ensure that recovery is greener, fairer and builds back better than what has gone before.

The North's civic and business leaders that form our Board are clear in their vision for the future, and the value of the collaboration that Transport for the North facilitates. Having adopted the Strategic Transport Plan - the first pan-Northern plan of its kind - and spoken repeatedly with one voice on transport issues including navigating the timetable crisis; Transport for the North is now embarking on its next chapter.

Already, Transport for the North has demonstrated it can be an effective and pragmatic partner to Government, submitting an Economic Recovery Plan outlining quick win priority infrastructure schemes to underpin growth in the years to come.

The year ahead will be one of rebuilding and recovery, 'building back better', but for the North it is also about catching up on decades of under investment, which, if pledges that have been made become commitments, greater investment in the north can become a key element 'levelling up'. This Business Plan outlines the

vision of securing inclusive and sustainable growth and a better quality of life, and how our activity for the year ahead, will support these ambitions. Our prime activities for 2021/22 are:

- Rebuilding rail passenger numbers in the north as Covid restrictions are lifted;
- Working with train operators, DfT and Network Rail to get clarity on future rail investment while improving reliability on the railway working within the historic infrastructure constraints;
- Completing and submitting the NPR SOC, following the publication of the Government's Integrated Rail Plan;
- Agreeing with DfT the governance for NPR as it moves into the next phase of development;
- Pursuing the Economic Recovery Plan with DfT's Acceleration Unit;
- Carrying out the Investment Programme Benefits Analysis, assessing how investment affects inclusivity and sustainability as well as economic activity;
- Progressing the advanced prioritisation mechanisms and independent assurance arrangements set out in the Northern Transport Charter; and
- Consulting on and completing our Decarbonisation Strategy ready for publication before COP26.

It should be noted, however, that uncertainties lie ahead. Firstly, a reduction in funding allocations year-on-year means the organisation has and will face challenges in achieving all of its ambitions in 2021/22. As such, in preparing this Business Plan, TfN has worked closely with the Board to agree the priority areas that will see the furthest strides made against our objectives for a more prosperous, better connected North.

Given the current context of short-term funding commitment and constraints, it will be important to make the case for re-establishment of multi-year funding to match ambition levels at the anticipated Spending Review in later 2021.

Likewise, there remain unknowns at a national level. Several key Government policy decisions could significantly impact our work during the coming 12 months, shifting the context against which we operate. These include the anticipated publication of the Integrated Rail Plan for the North and Midlands; the Williams Review of the Railways; and a Devolution White Paper, all of which may have a bearing on our vision and role.

Despite these challenges, the North's leaders are committed to their pan-Northern objectives; continued collaboration; and securing a proactive and increased role in decision-making over the North's transport networks, whether through investment priorities or oversight of project delivery.

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About Transport for the North

Transport for the North (TfN) enables our region to speak with one voice on our transport needs.

We became England’s first Sub-national Transport Body (STB) in April 2018, with a Board made up of our region’s 20 Local Transport Authorities (LTAs) and 11 Local Enterprise Partnerships (LEPs). Together, they represent the people and businesses of the North of England on transport matters, providing statutory advice to the Department for Transport (DfT) and working with delivery partners including Highways England and Network Rail, as well as train operating companies.

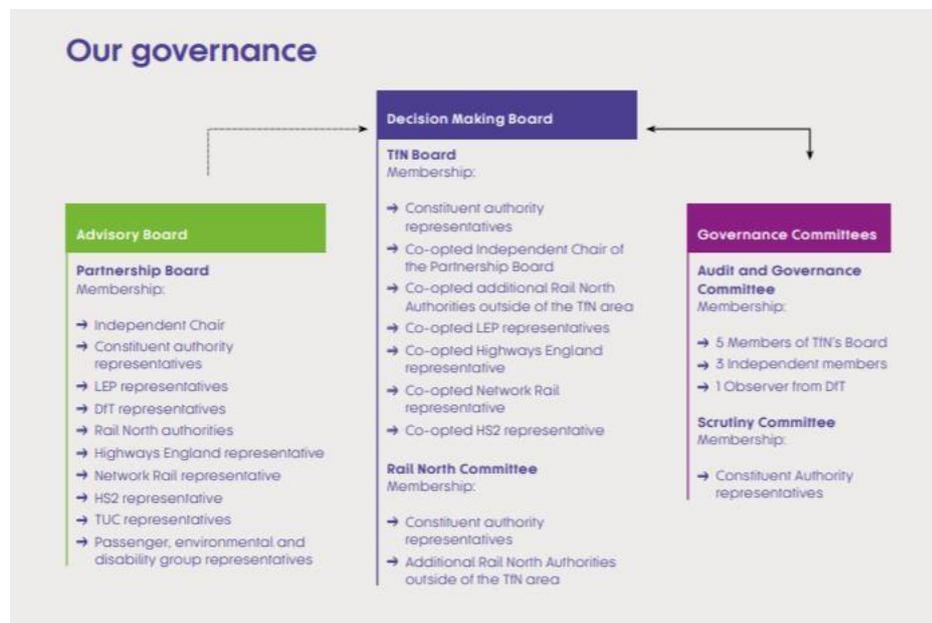
Since our inception, our advisory Partnership Board has expanded to represent further important interests, including those of trade unions and passenger, environmental, and disability representatives.

This collaborative work supports the ambitions of the North by advocating for infrastructure investment to unlock inclusive and sustainable transformative economic growth.

Our first-of-its-kind Strategic Transport Plan (STP) and accompanying Investment Programme were approved in February 2019 to identify the transport projects which should be funded to deliver the step-change required to rebalance decades of underinvestment in our region.

Governance structure

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Strategic Transport Plan

[STP journey infographic to be included as full page]

Our adopted STP and accompanying Investment Programme outline our vision for a future transport network that would enable sustainable economic growth across the whole of our region.

The STP was developed with three core drivers at the fore:

1. Pursuing greater economic prosperity and wellbeing for those who live and work in the North
2. Connecting the key economic areas of the North will drive growth, improve access to jobs, and ensure the North is a great place in which to invest and live
3. Identifying, making decisions on, and planning the strategic transport infrastructure required to deliver an economic step change for the North

Approval of the STP saw Transport for the North fulfil one of our key functions under our statutory powers, marking a pivotal moment for our region and paving the way for other STBs to set out their plans.

The STP is a blueprint for our region, and over the past two years we have used it as such to drive forward our plans and continue to develop our recommendations to Government. This has included, but not been limited to, the Economic Recovery Plan, set out in summer 2020, that explored an infrastructure pipeline for the North and the shorter-term priorities that could not only deliver on the STP objectives, but underpin the North's economy bounce back from the effects of Covid-19.

Building on the STP as a strong foundation, we're now embarking on the next chapter with the Northern Transport Charter, a roadmap towards long-term devolution based on the North's priorities.

14-15

Our vision and objectives

Our vision remains resolute, one of "a thriving North of England where world-class transport supports sustainable economic growth, excellent quality of life and improved opportunities for all." **[pull-out quote]**

Since the STP was adopted, the mission to level-up the UK has become even more prominent in national discourse. It has been formally recognised as a national objective by the Government and referenced in key policies and guidance documents including the National Infrastructure Strategy; review of the Green Book; and most recently the Plan for Growth.

TfN's vision and objectives are entirely in step and supporting of the levelling-up agenda, with transformational infrastructure investment widely accepted as a cornerstone in closing the economic and productivity divide.

What is the Northern Transport Charter?

The Northern Transport Charter provides a clear blueprint setting out the ambition for the future role of TfN. The Charter was adopted by TfN Board in September 2020 and sets out a roadmap toward further, long-term devolution around four areas:

- ***Putting passengers at the heart of the railways***
- ***Leading Northern strategic scheme planning and delivery***
- ***Managing a long-term Northern funding settlement***
- ***Championing an inclusive and sustainable North***

Throughout the last year we worked to agree the Charter with the TfN Board and begin practical steps to support the direction of travel, in particular ensuring an even greater focus on sustainability in our recommendations, as well as making the case for an enhanced role on the North's major programmes through our statutory advice to Government.

How will the Charter shape our work this year?

We have already made significant strides in embedding the Charter's long-term goals into our everyday work. We have worked to put passengers first and introduce a focus on local decision-making by implementing actions from the Bake Jones Review of the Rail North Partnership. Likewise, we have proactively developed freight and rail strategies to address the key priority for our Members of addressing climate change.

As the first full year since the Charter's adoption, 2021/22 will see us embed the objectives within our programmes and services. Initially, this will focus on activities that add value and accelerate investment, while at the same time building the capability and evidence for increased pan-Northern devolved powers over time.

Our activities will include:

- Co-managing, with DfT, the North's two train operating contracts with a focus on rebuilding passenger numbers over time and improving reliability.
- Providing evidence-based statutory advice on rail investment and passenger services in the North, including the difficult trade-offs required to deliver reliable train services through central Manchester.
- Responding to the Williams Review and further developing an enhanced role for TfN in overseeing and inputting into the operation of the North's railways.
- Providing statutory advice on the approach to prioritise roads investment for the next Roads Investment Strategy (RIS3).
- Consulting on and adopting a Decarbonisation Strategy for the North, championing a sustainable future for our region that delivers a zero-carbon network.
- Developing and adopting our innovative analytical tools to target investments that, as well as supporting economic growth, address the need to deliver environmental, social and health benefits.
- Taking forward a developed Northern Investment Programme to lead strategic planning for the North, underpinned by compelling evidence.
- Developing how an Investment Committee would work, including what would be retained as Board investment decisions and which steps in the investment process could be delegated.

- Forming an Independent Assurance Group, initially in shadow form to support Board decision-making.
- Continuing to co-sponsor transformational investment programmes for the North of England, including Northern Powerhouse Rail.
- Making a submission to the Spending Review to secure a multi-year funding settlement for TfN that supports future ambitions.
- Scoping out the methodology and possible areas or questions for a Citizen's Assembly to support decision-making on key strategic issues.

A Members Working Group will be formed to guide the development of elements of the Charter workstreams, testing recommendations before being brought to TfN Board. The Rail North Committee will continue to lead in relation to the rail elements of the Charter.

16-17 Northern Investment Programme

Our significant evidence base was compiled to form the Northern Investment Programme (NIP) – a 30-year investment plan of infrastructure projects to underpin green Northern growth, first set out in the STP.

TfN has led work with our partners on completing qualitative sequencing of the NIP, this prioritised transport interventions which could be brought forward for earlier delivery.

As a first step, in 2020, TfN set out in more detail the first part of our pipeline with the Economic Recovery Plan (ERP) – a £5 billion pipeline of rail, road, active travel and smart ticketing proposals to help the economy 'build back better' after the Covid-19 pandemic. Submitted to Government, the plan set out the first tranche of more than 160 projects that could help create job opportunities in the North and set us on the path for growth.

In the past year, TfN has also worked as a pragmatic partner to Government on this pipeline. This included engagement with the Department for Transport's Acceleration Unit to share evidence to support work on speeding-up delivery of schemes.

The year ahead will see work continue to develop the NIP as our evidence base grows and the needs of our people and business communities change. We will progress work on the NIP's Benefits Analysis, with the aim of completing the work by summer 2022. This will provide a quantified understanding of the pipeline's social, environmental and economic benefits and support TfN Board in recommending policy and investment priorities, as statutory advice to the Secretary of State for Transport.

This work will build the evidence to support several of the Northern Transport Charter's focus areas, notably leading Northern strategy planning and delivery. This work will cement the North's strategic priorities and ensure that investment decisions take broad account of sustainability and inclusivity benefits as well as economic benefits.

Putting passengers first: A better railway for the North

Prior to the Covid-19 crisis, levels of train travel in the North had seen 20 years of significant increase. During this time, the North saw demand treble, yet reliability decline as investment in our creaking infrastructure failed to keep pace.

Transport for the North has a key role to play in addressing these issues, particularly in providing essential local knowledge to underpin decisions that put passengers first. This will be challenging, with difficult decisions ahead, as a result of creaking and underinvested in infrastructure causing the potential for temporary service reductions needed to increase overall reliability. Local input to rebuilding passenger numbers at the right time will be a key element in persuading people to return to, or to swap to, rail.

Rail forms the backbone of our STP and Northern Investment Programme. The following pages detail:

- The current picture, including outstanding national decisions
- The Rail North Partnership – putting passengers first and overseeing the two largest operators in the region
- The Strategic Rail programme – securing investment for our long-term strategic vision and providing TfN's input to the Rail North Partnership
- The Northern Powerhouse Rail programme – delivering a transformational network to support growth in the future

While there is much to do to improve the railways further, it is worth reflecting on the enormous progress made in the past three years which have seen £1 billion of investment in new rolling stock. The last Pacer train was taken out of service in 2020 and looking across the platforms at a major station today, you would see a transformed modern fleet of trains compared to just three years ago. Much of that improvement was secured by local input and local knowledge when the franchises were being tendered.

The impact of Covid-19

The national lockdown of March 2020 changed travel patterns and behaviours overnight. By assembling and facilitating the North of England Contingency Group and working with the Rail North Partnership, TfN worked quickly with the industry to ensure emergency timetables could support those key workers who still needed to commute.

As the weeks and months went on, this partnership approach continued to work effectively, using local knowledge to shape the industry response and keep essential services operating. Northern had already moved to the Operator of Last Resort at the beginning of March 2020, and later that month TransPennine Express (TPE) moved to an emergency measures arrangement, as did operators across the country. Significant financial support for the operators remains in place at the time of publication.

A year on from the start of the global pandemic, the rail industry is now in a very different place. Despite some respite from full lockdown, the North of England has largely been in an “essential travel only” situation since March 2020, and the long-term effects on the rail industry and how to rebuild are being considered.

We continue to work through the challenges and in 2021/22 will play a key role in encouraging passengers back to rail when the time is right. This will require a huge collaborative effort between TfN, DfT, Northern, TransPennine Express, Network Rail and LTAs to attract passengers back to public transport and to encourage new passengers to swap to public transport as part of a greener future.

The regional and national context

It's important to note that the landscape of rail investment and operation continues to shift, with published and anticipated policies expected to set the future direction of our network.

- **The Joint Review of the Rail North Partnership (Blake Jones Review):** The co-authored report was published in summer 2019 and built around the principle of ‘putting passengers first’. It set out short and longer-term recommendations for changes in the North, seeking to give our leaders more visibility and say over industry decisions and greater local oversight. We subsequently implemented an action plan to deliver on the early wins, including improved relationships with industry and a re-structured Rail North Committee as the focus for Northern leaders to input to decision-making. We continue to work with Government to appropriately fund and agree the longer-term measures identified including our ambition for further devolution.
- **The Williams Review:** This national review of the railways led by Keith Williams looks at widescale reform and increasing accountability in the interest of passengers, including alternatives to the franchise system, as well as fares and ticketing. TfN has engaged with the review team over the past two years, communicating our Members’ priorities and making the case for the models that will ensure those running the railway are more accountable to our Northern leaders – and therefore closer to the passengers. It’s anticipated the Williams Review will be published in 2021.
- **Integrated Rail Plan (IRP):** The Integrated Rail Plan for the Midlands and the North will detail the Government’s long-term vision for rail investment, including the integrated delivery of Northern Powerhouse Rail; HS2; and the Transpennine Route Upgrade, among other projects. Expected to be published shortly, TfN has engaged extensively and submitted statutory advice on the North’s preferred options ahead of publication. The delay in publishing the IRP has affected the completion of the NPR Strategic Outline Case (SOC), which has now been rephased until after the IRP is published.

Rail North Partnership

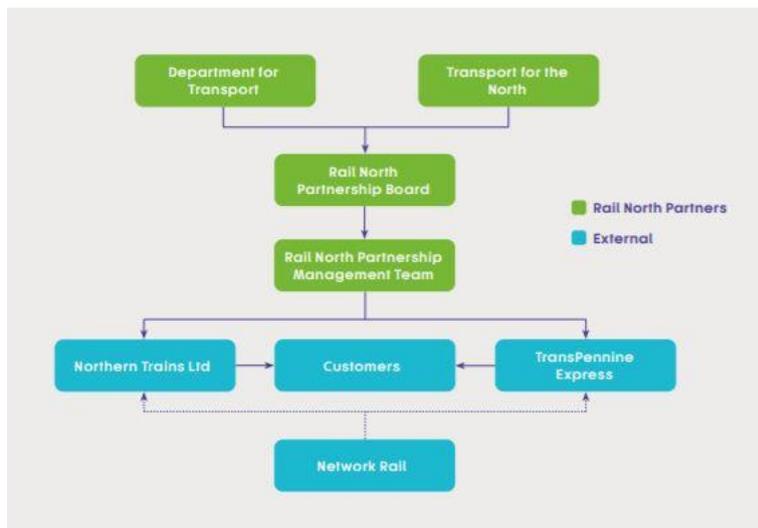
The arrangements established prior to gaining statutory status gave TfN an important, but limited, role in making decisions regarding operational railways in the North of England. Notably, we co-manage two rail service contracts (Northern and TransPennine Express), jointly with the Department for Transport, through the Rail North Partnership (RNP).

The RNP allows TfN to work closely with DfT to address the many challenges on our rail network and there is very strong partnership working. DfT remains the budget holder and has the final decision-making powers on most matters.

Over the past few years the RNP has demonstrated its value and effectiveness on a number of critical issues, from the 2018 timetable chaos, to securing investment in new rolling stock, and most recently in navigating the impact of the Covid-19 pandemic.

The structure of the partnership is shown below.

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22-23

Strategic Rail

TfN's Strategic Rail team has two main functions:

- Working with Members on the Rail North Committee and Local Transport Authorities to provide TfN oversight of the Rail North Partnership and key decision-making in managing the rail service contracts (Northern and TransPennine Express).
- Assessing and advising on TfN's priorities for investment into the rail network.

Our overarching aim will be to use our existing powers to the greatest extent possible to ensure customers are at the heart of the re-building of demand and

services after the pandemic, as well as securing investment that supports reliable services in the future.

Long-Term Rail Strategy

The Long-Term Rail Strategy (LTRS) outlines the investment required right across the network, covering both tracks and trains. It sets expectations for minimum standards for rail in the region – standards aimed at enhancing connectivity, reducing journey times, and improving capacity and reliability. The strategy also sets out ambitions for access to stations, and for promoting electrification and innovation as part of a wider decarbonisation and sustainability programme.

Infrastructure investment

Before the Covid-19 pandemic hit, many of our region's hubs were creaking under the strain of increasing passenger numbers. Congestion was rife, with knock-on effects causing delays across the North on a regular basis. The network is much quieter now but, as a key element in attracting passengers back to rail at the right time, we must have the commitment for investment to bolster the network and make it fit for use once more.

TfN continues to work with the DfT and Network Rail to identify and make the case for the right long-term infrastructure to solve the biggest bottleneck on the network – central Manchester. As the full suite of schemes necessary is going to take several years to develop and deliver, short-term changes are being considered to improve reliability.

Last year we:

- Supported the industry and Rail North Partnership in the response to Covid-19, including a strong focus on the needs of passengers and businesses together with the short-term investment and changes needed. We then developed a detailed 'roadmap to recovery' setting out how demand can be re-built to help restore the finances.
- Supported the launch of the Manchester Recovery Taskforce Consultation in partnership with DfT and Network Rail, seeking views on proposed service changes to address network congestion.
- Continued to support our partner authorities on a range of local and strategic projects including the Energy Coast Rail Upgrade (Cumbria), new station proposals in West Yorkshire, and station upgrades at Middlesbrough and Darlington. May 2020 saw the opening of Horden Station in County Durham and TfN was pleased to help secure a more cost-effective method of construction of the station.
- Implemented the Blake Jones Review recommendations including the case for further devolution, as well as further developing a response to the Williams Review on rail reform and more accountability to the North.

- Improved communication with partners and stakeholders and hosted a virtual rail user group and community rail event to ensure input from local communities.
- Commenced and proved a process for journey time improvements on key sample lines, to be further developed in 2021/22.
- Employed a reliability officer to work with the industry on a delivery plan to improve the reliability of trains across the North which will be essential in winning passengers back to rail after the pandemic.
- Shaped rail industry plans and policies to the benefit of passengers and freight in the North through input to Network Rail's strategic planning process and the DfT's Rail Network Enhancement Programme – using our statutory powers to advise on the investment plans as required.

In 2021/22 we will:

- Help re-build demand and confidence in rail services through regular monitoring, and work through the Rail North Committee with operators and DfT on timetable plans for May 21, December 21 and May 22. This will build on successes including the North of England Contingency Group and make use of local knowledge and insight.
- Take a proactive role in encouraging passengers back to rail including showcasing the benefits of investment in new trains.
- Through the Rail North Partnership promote improvements to personal safety for passengers both when travelling on trains and when in, and around, stations.
- Following publication of the IRP, work with the NPR team and RNP to define the future service specification to integrate with the classic network.
- Refresh the LTRS in line with current economic recovery plans, Covid-19, and refreshed strategies, including continuing developing and implementing delivery plans including fares reform and planning for growth.
- Make the case for continued and enhanced investment in the North's rail services as part of the 'building back better' agenda, including providing statutory advice to shape infrastructure development and proactively develop rail schemes in the investment pipeline.
- Commence delivery of a line speed improvement programme to improve reliability, produce journey time improvements, and other benefits.
- Respond to the Williams Review when published, guided by the aspirations in the Northern Transport Charter.
- Seek to secure the best outcomes for North from the transition from the old franchises to the DfT's planned new contractual arrangements – using our role in the Rail North Partnership.
- Fully embed the Blake Jones Action Plan and seek to secure appropriate resources to ensure passengers are central to decision-making.
- Drive the industry to deliver improved passenger and freight customer satisfaction.
- Formalise and enhance collaboration with Network Rail including seeking an agreed programme of joint work.
- Use TfN's influence, including statutory advice as appropriate, to secure and shape infrastructure development to support the LTRS.

- Secure greater levels of investment and smarter delivery of projects to support Transport for the North's Strategic Transport Plan and continue to support partners' development and delivery of schemes.
- Embed smart ticketing and fares reform capacity into the team following closure of the IST programme, supporting the case for future funding bids.

24-25

Northern Powerhouse Rail

Northern Powerhouse Rail (NPR) is an ambitious programme to transform the region's rail network. Co-sponsored by TfN and DfT, it will transform connectivity right across our region, bringing our towns and cities closer together.

Stretching from Liverpool to Hull, and from Sheffield to the North East, it will deliver a step-change for rail connectivity and help decarbonise how we travel.

NPR is a mix of new and existing lines that will improve journey times and reliability, and is integrated with HS2 (sharing track and links to various HS2 stations whenever possible). It will create the fast, modern network that our region's people and businesses need.

The full network is a vital part of our region's future, enabling people to travel further afield for work, education and leisure opportunities, and giving businesses the confidence they need to invest in and locate to the North, knowing that they can access the labour markets that will allow them to grow.

Northern Powerhouse Rail will:

- Bring millions more people within reach of each of the key economic centres of the North by public transport. By 2050 nearly 10 million people in the North will be within 90 minutes of multiple economic centres.
- Help treble the number of businesses able to access four or more cities or Manchester Airport within 90 minutes, from 70,000 today to 260,000.
- Deliver significant benefits to the North's economy and rebalance the UK by closing the productivity gap between the North and the rest of the country.
- Contribute around £14.4 billion in annual gross value added (GVA) to the UK economy by 2060.
- Create up to 74,000 new jobs in the North by 2060.
- Ensure that growth is delivered sustainably, building the market for rail travel by around four times the level seen today and taking up to 58,000 daily car trips off the road.

The NPR network and the significant economic opportunity it presents have only happened because the programme has been co-cliented and developed locally. Central to the North's vision is local decision-making over investment decisions, and that includes a continued co-sponsorship role in the development and delivery of Northern Powerhouse Rail.

Last year we:

- Completed the sifting process and shortlisted the options for infrastructure on each NPR corridor.

- Agreed a single preferred way forward and indicative phasing plan for NPR.
- Engaged with partners throughout the drafting of the Strategic Outline Case for NPR (previously referred to as the SOBC).
- In light of the delay to the SOC, submitted statutory advice to the DfT ahead of the publication of the IRP, on TfN's preferred network and way forward.
- Continued to ensure that NPR is integrated into other major rail programmes, creating a joined-up network for the North – including adapting to HS2 plans, as well as alignment of TfN's Long-Term Rail Strategy and High Speed North.
- Commenced work on the ground, surveying the Leeds-Hull line to better inform the next stage of design and development.

Earlier this year, the DfT requested that the completion and submission of the SOC for NPR be delayed until after publication of the Integrated Rail Plan. Its content is likely to have an impact on the way forward for the NPT programme, including the scope and timescales of work delivered. It is important to note that, dependent on the content of the IRP, it is likely that the Business Plan and budget will need to be revisited to reflect the confirmed position.

Subject to the policy and funding framework set in the IRP, in 2021/22 we plan to:

- Finalise and submit the SOC following the publication of the IRP.
- Undertake targeted studies to inform further narrowing of the shortlist of conceptual route and station choices for NPR.
- Further refine the delivery model options for NPR to support decision-making and develop a transition plan to a new delivery model, setting out the required capabilities, capacity and programme operation and governance structures.
- Agree a co-sponsorship role with DfT going forward.
- Continue to develop a strong client challenge function in the NPR programme to drive improved value for money and performance from delivery partners.
- Develop project businesses cases for some of the stations and upgraded lines forming the NPR network in preparation for Tranche 1 of construction from the mid-2020s.
- Set procurements in place or planned as required to support NPR objectives.
- Negotiate with Government and DfT multi-year Departmental Expenditure Limits for both resource and capital budgets in the next Government Spending Review.

26-27

Major Roads

Roads are a vital part of a multi-modal transport network. They support the first and last miles of all journeys – providing footpaths and cycleways, ensuring public transport routes are efficient and reliable, and supporting local deliveries and emergency services.

We all rely on a well-functioning road network to access jobs, education, leisure, goods and services, so ongoing investment in our roads is vital for economic recovery and growth.

Decades of underinvestment in the North's road network has led to slow journey times and poor reliability, leaving our cities and towns struggling to stay connected. East-West road connectivity is particularly poor, with only one motorway or dual carriageway route linking the two sides of the country between Stoke-on-Trent and Glasgow; a stretch of 250 miles.

Through our clear vision and objectives, as set out in the STP and Investment Programme, we can drive forward new and improved roads that will support communities by providing access to housing, education, jobs and leisure facilities.

Our work on the future investment strategy on our roads will also be critical when it comes to decarbonising the North. Emerging technologies such as connected and autonomous vehicles, electric and hydrogen powered vehicles, and a new era of digitally connected networks, will all support the path to net zero. With the hydrogen transport hub being set up in Tees Valley, the North being a leading hydrogen producer already, and with a global leader in hydrogen technology based in South Yorkshire, there is a really strong foundation for the North to be a hydrogen powerhouse, creating many green jobs.

Last year we:

- Updated a Major Roads Report, to be finalised and published following work on TfN's Decarbonisation Strategy.
- Continued work with partners on promoting improvements to connectivity and reliability for all road users. Successes include further investment in the Major Road Network (MRN), including MRN programme entry for schemes in Cheshire East, Cumbria, York and North Yorkshire; and funding for development to OBC for schemes in Lancashire, Stockport, Transport North East, Tees Valley and Liverpool. We also engaged with Highways England on supporting development and delivery of the RIS programme, for example the A66 dualling.
- Undertook analysis of journey time reliability, types of journey and geographical distribution of traffic using the MRN in 2019. This is the first time 24/7 year-round data has been collected across all MRN routes in the North, and provides a pre-pandemic baseline, which can be accessed by our transport and highway authority partners.
- Engaged with the DfT and Highways England on influencing initial work on route strategies for future road investment.
- Continued to represent the North's position on the development of business cases for the A66 dualling, Manchester North West Quadrant (MNWQ) and Trans-Pennine Tunnel (TPT) Strategic Road Studies. Worked with partners in the Central Pennines on progressing work on options for improving east-west road connectivity, M6 – A1(M).
- Monitored the impact on travel patterns from restrictions resulting from the Covid-19 pandemic, sharing data with partners.

In 2021/22 we will:

- Publish an updated Major Roads Report, taking into account the strategic importance of the road network to businesses and communities and the need for the rapid decarbonisation of road transport.
- Develop, and share with partners, the 2020 dataset for the performance monitoring of the MRN for the North using mobile phone data, supporting the prioritisation of future interventions.
- Work with DfT, Highways England and the Office of Rail and Road to represent the North's position regarding the delivery of the RIS2 programme, the development of the Highways England Route Strategies, and the RIS3 pipeline.
- Engage with DfT on options for further development work on road connectivity improvements in the Southern and Central Pennines, subject to funding.
- Represent the North's position in relation to the development and delivery of the A66 dualling, and input to further work on MNWQ and TPT.
- Support decarbonisation of road transport by building on TfN's Future Travel Scenarios and take forward short to medium term pan-Northern actions. This will include scoping with partners how TfN can best support plans for an integrated electric vehicle and hydrogen infrastructure network, supporting all communities in the adoption of low and zero emission vehicles.
- Continue working with DfT and partners to provide oversight to the development and delivery of MRN/Large Local Major (LLM) schemes submitted to DfT for MRN funding, as they are approved.
- Maintain positive working relationships and collaborations with other STBs to work together on integrated transport strategy issues including freight, decarbonisation, rural connectivity, and alternative fuel including electric vehicles.
- Provide advice and technical input to support NPR and the IRP in delivery of rail schemes and integration with the highways network.

28-29

Integrated & Smart Travel

The Integrated & Smart Travel (IST) programme was created to make travelling by public transport easier, quicker and more cost-effective, encouraging more people to use trains, trams and buses in the North.

Split into four phases, the programme's first two phases have driven improvements by implementing smartcards for rail travel in the North, including seasons and flexi tickets, as well as providing better quality information to customers through open-source data.

Plans to develop a region-wide account-based travel solution were re-focused on delivering pay-as-you-go travel on rail (Phase 3) and supporting local smart ticketing by working with LTA partners (Phase 4).

In January 2021, TfN received a funding letter from DfT which stated that no ongoing funding would be available for the IST programme for 2021/22. In

February 2021, the TfN Board reluctantly agreed to wind down the programme, and that process will run into 2021/22.

Changing the North's travel experience

We are proud of the achievements of the IST team, including successfully delivering 'Smartcards on Rail' and working with train companies Northern Rail, TransPennine Express and Merseyrail to introduce smart season tickets for customers. Around 80% of rail season ticket holders had converted to smartcard seasons prior to the onset of the Covid-19 pandemic.

This was followed by successful delivery of flexi-season capability across parts of the North's rail network, featuring rail products more focused on the less-frequent commuter - an essential product for a post-Covid world.

The programme also successfully created an open-data-driven approach to customer information, including newly-available disruption information for bus, light rail and ferry. This data is made available to passengers through mobile apps and websites and commercial third parties such as Moovit, Citymapper and shortly, Google. These successful systems help passengers stay informed about their travel plans and provide greater choice about the journey they choose to take.

Connected to the above, a core part of the National Bus Open Data programme was delivered by IST and handed over as planned to DfT in December 2020.

All of these successful deliveries from the TfN IST team represent Northern exemplars for national uptake and are supported by an archive of instructive documentation.

A new role, funded from TfN's core budget, focused on smart travel and linked to digital fares strategy will be created to enable TfN to help shape and link into national initiatives and to support building business cases for future funding requests. DfT has indicated that they see national rail reform as the vehicle to deliver smart ticketing on rail and the platform to link into other modes. As a result this new post, retaining a limited but important smart travel capability, will be created within our Strategic Rail team.

30-31

Strategy, Policy, Economics and Research

It's essential that all our plans are underpinned by robust evidence and a compelling strategy. As has now been acknowledged by Government, reversing decades of underinvestment in the North will require significant and sustained investment. TfN must evidence the link between investment in transport infrastructure and the economic prize on offer.

Our core teams that drive forward this coordinated, evidence-led approach are:

- Strategy and Policy
- Economics and Research
- Technical Assurance, Modelling and Economics (TAME)

Strategy and Policy

Our Strategy and Policy team focuses on key, cross-cutting policy issues; the development and implementation of the Strategic Transport Plan; and the Northern Transport Charter.

Our Policy team will agree priority areas for policy development, with associated implementation plans in the year ahead, aligning closely to the principles agreed with TfN Board.

Last year we:

- Completed work with Members to develop the Northern Transport Charter, endorsed by TfN Board in September 2020.
- Coordinated pan-Northern responses to a number of high-profile government consultations including the Union Connectivity Review; MHCLG Planning for the Future Consultation; the National Infrastructure Commission's (NIC) Rail Needs Assessment; DfT's Decarbonising Transport: Setting the Challenge policy position paper; and Her Majesty Treasury's (HMT) Green Book Review.
- Developed and presented the draft Freight and Logistics Strategy to Board and agreed to consult more widely on the content. This sets out the strategy for developing business cases for interventions that will add value to the road and rail networks for both transport users and the freight industry.
- Supported the establishment of the West and Wales Transport Forum, chaired by Lord Hunt and Lord Jones, to bring together senior officials from DfT, Welsh Government, TfN and local authority leaders to improve cross-boundary strategic transport planning.
- Began to develop a roadmap and programme to a revised Strategic Transport Plan to be published in February 2024.
- Prepared and agreed TfN's Decarbonisation Strategy with partners, for public consultation during 2021/22, including a pan-Northern trajectory for surface transport and greenhouse gas inventory for the region.

In 2021/22, we will:

- Complete and agree the roadmap to the Strategic Transport Plan in 2024.
- Consult with the public on the decarbonisation and freight strategies before they are recommended to Board for adoption.
- Start detailed scoping and delivery of TfN's priority decarbonisation actions as defined within the TfN Decarbonisation Strategy, including active engagement with activities such as the North of England Hydrogen Forum; supporting a range of Decarbon8 research projects and establishing a new working group to co-ordinate and manage activities.
- Following the adoption of the Decarbonisation strategy, we will develop and deliver TfN's inputs to COP26 in Glasgow, alongside the NP11 and DecarboN8.

- Implement TfN's policy/assurance framework to manage STP inputs.
- Develop and agree TfN's role in active travel, spatial planning and masterplanning beyond the high-level policy positions in the Strategic Transport Plan.
- Manage ongoing stakeholder engagement activity and strategy/research work with partners via the Strategic Oversight Group, Analytical Advisory Group, and the Northern Evidence Academic Forum.
- Continue to build links with devolved administrations and pan-Northern bodies, as well as with central Government departments.
- Coordinate TfN responses to the Union Connectivity Review, the Integrated Rail Plan, and other Government reports and consultations.

32-33

Economics and Research

Our Economics and Research team manages a programme of strategic research and analysis to ensure there is a robust and comprehensive evidence base to inform policy making and business case development.

The team also leads on developing and implementing a consistent approach to Monitoring & Evaluation (M&E), making sure TfN can measure progress towards strategic and programme objectives and embed a cycle of evidence-based policy-making across everything we do.

Last year we:

- Commissioned research on the visitor economy and transport in the North with our partners, the first study of its relationship with transport networks carried out at a pan-Northern scale.
- Commissioned the third phase of our User Insight research programme, to support further development of our evidence base on the transport-related behaviours and attitudes of Northern businesses.
- Commissioned research into Transport-Related Social Exclusion (TRSE) in the North to further develop the evidence base underpinning STP objectives to improve inclusivity and access to opportunities for all.
- Developed a TfN Monitoring & Evaluation Strategy which sets out the objectives for M&E in the TfN context and a set of processes to achieve a rigorous system of M&E for TfN and our partner organisations.
- Completed Phase 3 of the development of the TfN Monitoring & Evaluation Framework, identifying indicators and data sources which will be used to monitor progress towards STP objectives and gathering baseline data.
- Launched the Northern Evidence Hub and Northern Evidence Academic Forum to support the development of a pan-Northern evidence base for a range of policy areas, and to support collaboration and knowledge sharing with Northern partners and stakeholders across local government, academia and think tanks.

In 2021/22 we will:

- Complete and share the ongoing research projects on Transport-Related Social Exclusion (TRSE), Visitor Economy and User Insight Phase 3.
- Commission new research on the health and wellbeing impacts of transport to inform the development of the Strategic Transport Plan.
- Plan for further work on transport-related social exclusion – looking at case studies in specific local areas.
- Scope, agree and commence a new Northern Powerhouse Independent Economic Review, subject to agreement with partners and other Northern bodies.
- Continue to support wider efforts to build the evidence base including the funding and maintenance of the Northern Evidence Hub, co-management of the Analytical Advisory Group, and continued co-ordination of the Northern Evidence Academic Forum.

34-35

Technical Assurance, Modelling and Economics (TAME)

The Technical Assurance, Modelling and Economics (TAME) team provides the evidence base for TfN's long-term plans to use transport to connect the towns and cities of the North to create a more productive economic area. TAME is a team of analysts, data scientists and transport modellers who develop innovative data analytics and modelling tools and apply these in our programmes and business cases to show how transport could enable this economic transformation. The team is at the heart of making the strongest possible case for investment to Government.

This work is centred on the creation of the TfN Analytical Framework: a suite of industry-leading analytical tools, models and data, which together will ensure a single, robust evidence base for scheme development and evaluation across the North. These tools capture a more comprehensive and rounded picture of economic benefits, looking beyond time savings and productivity to estimate improvements in economic prosperity, wellbeing and other benefits for people and places across the North and beyond.

Last year we:

- Provided the modelling, appraisal and economic analysis to underpin the Northern Powerhouse Rail Strategic Outline Case.
- Developed the new Future Travel Scenarios for application in the Analytical Framework across TfN programmes, and supported publication of the Future Travel Scenarios report.
- Provided the modelling and analysis for TfN's Decarbonisation Strategy, developing innovative new carbon modelling tools that can be used across TfN programmes and by our partners.
- Finalised the first iteration of our new open-source travel demand model, to represent detailed travel patterns across the region, both now and in the future.

- Completed a new Northern Highway Assignment Model (NoHAM) to model and appraise our Investment Programme.
- Enhanced the Northern Rail Modelling System (NoRMS) and laid the groundwork for multi-modal integration with NoHAM.
- Enhanced our Northern Economy and Land-Use Model (NELUM) and developed a new open-source Wider Impacts Calculator to estimate impacts like agglomeration and land-value uplift.
- Worked with partners to assemble a Development Log database of spatial plans across the region and put this into an interactive dashboard for partners to use.
- Undertook trials of sharing Analytical Framework tools with partners and stakeholders and established a roadmap for more comprehensive sharing.

In 2021/22 we will:

- Provide modelling and appraisal for the Investment Programme Benefits Analysis to underpin investment cases across our portfolios including, for example, an Electric Vehicle Charging Plan.
- Improve the Analytical Framework, including further improvements to NoRMS and demand modelling tools in response to recommendations from DfT and peer reviewers.
- Support the NPR programme by using our tools to build the economic case for NPR; providing enhanced economic analysis; and establishing a new station analysis work programme.
- Support the Strategic Rail programme by developing business cases for station hub delivery plans and using our tools to estimate the benefits and impacts of various studies.
- Support the Strategy team on, amongst other priorities, the development of a new Northern appraisal framework aligned to the Northern Transport Charter.
- Maintain, refine and deploy the Analytical Framework across TfN programmes.
- Open-up the Analytical Framework by publishing data and tools and finding cost-effective opportunities for sharing models with partners, maximising the wider benefits of investment in the North's analytical capability.
- Provide insight and evidence to support the development of the STP and the Northern Transport Charter by providing in-house analytical services that offer creative analysis, research and data visualisation.

36-37

Our one voice

Strategic engagement and communications from TfN have ensured that investment in the region's infrastructure – as a tangible measure of the mission to level up – has remained at the top of the national agenda.

Going forward, the Stakeholder Engagement and Communications Team (SECT) will remain critical to delivering the organisation's primary mission to provide and amplify the one voice to help secure additional transport investment. We'll

do this by building on the success of existing channels and creating new opportunities to profile our work, digitally, in the media and in person as social restrictions begin to lift.

This will build on a successful launch and embedding of the Strategic Transport Plan as a first-of-its-kind plan for the North, and the subsequent Economic Recovery Plan, which outlined shorter-term investment priorities, such as the promotion of TfN Board interventions.

Activity will be aligned with the future long-term vision outlined in the Northern Transport Charter, including: promoting and securing input into TfN's emerging Decarbonisation Strategy to create a greener North; encouraging commuters back to rail at the right time; and outlining the enhanced role of Northern leaders in investment decision-making. We will agree and deliver impactful communications across these aims.

As a public body, the team will continue to play a role in bringing TfN's evidence-based strategies, policies and plans to life in ways that are accessible to the public, enabling decisions to be transparent. Central to the service will also be proactively engaging and involving a patchwork of local, regional and national stakeholders to increase awareness of TfN's work and secure buy-in to our continued progress. The team will continue to provide strategic engagement advice corporately across other departments.

Given the shared mission to make the North a more prosperous place, TfN will continue to work closely with its Member authorities to assemble the evidence to demonstrate and communicate the added value of greater devolved decision-making in the North of England.

A best practice employer

TeamTfN is made up of the bright minds we attract and retain from right across the North. We are proud of and value our workforce.

We continue to strive to be a best practice employer. In the last year we've demonstrated this through accreditations as a Living Wage Employer; a Disability Confident Employer; and a member of the Chartered Institution of Highways & Transportation's Diversity and Inclusion Charter.

This is backed-up in practice by championing our employee voice, for example via our established Employee Forum, as well as the establishment of active Diversity & Inclusion and Climate Change groups.

In 2020, our good practices were recognised as we became one of the first full members of the Greater Manchester Good Employment Charter.

With the swift move to full remote working in March 2020, the health and wellbeing of TeamTfN was the priority. We worked quickly to ensure a comprehensive wellbeing programme was in place to support TeamTfN through challenging times, whilst agreeing our longer-term flexible Ways of Working model, based on employee feedback, ahead of a future return to the office. This

has been supported with robust internal communications initiatives to keep our teams engaged, informed and supported throughout.

We are also committed to investing in TeamTfN. As well as offering regular training and professional development, last year we ran a Leadership Programme for our senior managers. From our current leaders to the leaders of tomorrow, we continue to be proud of our apprentices and their achievements at TfN. As of 31 March 2021, 3.5% of our workforce are undertaking apprenticeships, above the Government's public sector target of 2.3%. Our track record shows our apprentices have successfully gone on to secure permanent roles with us, which we expect will continue this year.

38-39

Our values and behaviours

Developed with our employees, our values and behaviours underpin our unique culture and ways of working. They influence how we operate as individuals and as an organisation.

We make a difference
We do the right thing
We are driven to succeed
We collaborate

We're proud to be a values-based organisation. This year we've introduced the Values In Practice (VIP) recognition scheme, a quarterly programme that celebrates and rewards those who are demonstrating our values day-to-day.

Our values are underpinned by our core behaviours:

- **Cultivate innovation** - Creating new and better ways for the organisation to be successful.
- **Ensure accountability** - Holding self and others accountable to achieve results, even under challenging circumstances.
- **Collaborate** - Building partnerships and working collaboratively with others to meet shared objectives.
- **Instil trust** - Gaining the confidence and trust of others through honesty, integrity and authenticity.
- **Financial acumen** - Interpreting and applying understanding of key financial indicators to make better business decisions.

Health and safety

Health and safety continues to be the cornerstone of TfN's strategy for improving the wellbeing of staff. This area of activity offers an enhanced level of resilience in providing a suitable, fit for purpose facility and associated facilities management advisory and support service.

Our approach fulfils our statutory objectives by effectively providing a framework for securing the wellbeing of our employees and others who could be affected by our actions. The appointment of a 'competent person' combined with a

contracted support service offering means that the majority of health and safety matters, training programmes for employees and contractors, and proactive risk management, can be effectively managed/delivered flexibly to recognised standards in-house.

This approach provides the right level of engagement across a variety of stakeholders, creating knowledge and awareness of health and safety risks, and encouraging behavioural change through assessments and direct interventions including inspections and investigations, but we must continue to evolve our approach to face fresh challenges or to address existing problems in new ways such as those presented as a result of the Covid-19 pandemic.

40-41-42-43

Our people and finances

TfN is funded almost wholly by Government. In 2020/21 the uncertainty over future funding, along with the impact of Covid and prioritisation of NPR modelling, caused some TfN activity to slow down or be rescheduled. Therefore, much of last years planned recruitment was put on hold. As a result, TfN's staff numbers varied between 130-141 in the second half of the year, averaging 30 vacant posts.

Following the Spending Review in 2020, TfN received notice of in-year budget reductions and reduced core funding for 2021/22. This context of reduced resources has shaped our approach to the business planning process, ensuring we continue to progress and organise ourselves to best meet our organisational objectives, which are directed and approved by TfN's Board.

Our approach to people resourcing reflects these financial constraints, with a circa 15% reduction in our established posts. We have sought to manage this reduction, from 166 posts in 2020/21 to 142 posts in 2021/22, through removal of vacant posts where possible.

Furthermore, we continue to resource the NPR programme predominantly through service-based consultants, due to the nature of the one-year funding constraints, with potential for approximately 100 contractors working on the programme by the end of next year.

We will continue with this integrated approach to resourcing while only short-term funding commitment is available.

This Business Plan outlines how TfN will mitigate the challenges on resourcing, while meeting the ambitions of our partnership. While this may not be at the full scope we would have hoped, it illustrates the pressing need to work closely with Government in 2021/22 to re-establish a multi-year funding settlement to support TfN's progression ahead of the next Spending Review, anticipated for late-2021.

Funding

Transport for the North is almost entirely funded by grants from the Department for Transport. In January 2021, Transport for the North was advised by the DfT that its Core funding allocation for 2021/22 would be reduced from £10 million to £6 million. In addition, we were advised that the Integrated and Smart Travel programme would no longer be funded (excluding the costs of completing the phases that were already underway and the subsequent wind down of activity). At the same time, the allocation of Northern Powerhouse Rail funding was increased from £59 million to £67 million, although the exact amount that will be draw down will be contingent on the timing and substance of the Integrated Rail Plan and the normal detailed departmental control over commitments. The funding that we are able to draw on during the year to pay for our budgeted expenditure is therefore as follows:

Resource	£million	
Core grant	6.00	Flexible grant to fund Transport for the North activity. To be paid in two instalments during the year as required.
Core grant reserve brought forward	2.54	Carry forward of core grant from prior years.
Rail North grant, contracted income and contributions	1.65	Ringfenced to support Rail North and other rail activity, to be paid at the start of the financial year.
IST grant	1.52	Ringfenced to resource the wind down of Integrated and Smart Travel activity, to be drawn as needed by agreement with the DfT.
Transport Development Fund	67.00	Ringfenced to support Northern Powerhouse Rail activity, to be drawn as needed by agreement with the DfT.
Total	78.70	

Reserves strategy

All local government bodies – including Transport for the North – are required to operate to a locally defined reserves strategy that ensures the organisation always holds a prudent level of reserves. A prudent reserve strategy is particularly important to us as an organisation as we have few other levers to mitigate financial risk. We cannot access credit for short-term cash flow management or long-term investment, nor can we levy or precept upon a local tax base to underwrite our operations.

As noted above, most of our programme funding can only be drawn down as and when it is required, while most is ringfenced for the purpose for which it has been allocated. This means that our reserve strategy must be managed in

conjunction with the use of the annual core grant allocations, as core grant is the only discretionary resource, we hold that can fund any and all expenditure.

We have forecast a 2020/21 year-end total reserve balance of £6.54m. Of this value, £0.50m is currently earmarked for future work around the devolution of further powers to TfN. It is further proposed that £2.54m of the reserve is drawn down in 2021/22 to help fund one-off development work (including the Investment Programme Benefits Analysis, the development of the electric vehicle/hydrogen vehicle strategy, and the scheme development for the North's railways) and support in-year expenditure. These proposals would reduce reserve levels to £4.00m by the end of 2021/22, with further draws of circa £1.00m per annum forecast in the medium-term. This approach allows us to match reserves to key pieces of activity whilst ensuring available resource does not fall below a 'floor' level of £2.00m.

We will revisit the reserve strategy, including the minimum reserve level, in light of the outcome of the Spending Review that is expected to take place in the second half of 2021.

Value for money

We recognise the absolute requirement to deliver our programme of works efficiently and effectively. The procurement of goods and services from external suppliers represents a major element of our expenditure. In order to ensure value for money, we have implemented a procurement framework which requires that the procurement of goods or services includes a competitive process that is appropriate to the value and complexity of the services/products and also minimises barriers for suppliers to participate in such exercises.

Expenditure

In order to deliver the activities set out in the Business Plan, we have total budgeted expenditure for 2021/22 of £78.70m. This includes £50.90m of underlying programme expenditure and £18.52m of programme contingency, bringing total programme resource to £69.42m. This is supplemented by £3.16m of expenditure on our Rail Operations functions and £6.13m net expenditure on our core operations. As a Sub-national Transport Body, we are unable to recover VAT on our purchases of goods and services.

In 2021/22 it is expected that there will be three elements of the programme budget. Programme budgets include contingency held to manage risk and exploit opportunities that may arise over the course of the year:

Programme	£million
Northern Powerhouse Rail	67.00
Investment Programme Benefits Analysis	0.89
Integrated and Smart Travel - Complete in-progress phases and wind-down	1.52
Total programme expenditure	69.42

The Rail Operations functions enable TfN to deliver on its statutory obligations towards the management and oversight of the North's rail franchises:

Rail Operations	£million
Strategic Rail Team	1.80
Rail North Partnership	1.36
Total Rail Operations expenditure	3.16

The operational budget covers the functions of the back, middle and front office of the organisation along with the business infrastructure. We are subject to the same regulatory environment as local and combined authorities and must discharge our responsibilities as an autonomous body. We must also act in accordance with the Memorandum of Understanding that we have with the DfT.

Accordingly, the activity carried out within these areas represents the required enabling functions familiar to all public sector organisations, but also the teams that develop and deliver upon much of our aspirations. The total value of the operational budget is £6.13m with expenditure falling as follows:

Core Operations	£million
Leadership	0.31
Finance, Procurement & Risk	1.01
Business Capabilities	3.09
Strategy and Policy (inc. PMO)	2.50
Major Roads	0.75
Gross total	7.67
Recharges to NPR programme	(1.54)
Net total	6.13

Risk management

We have developed risk management processes through which we identify and address the risks associated with each programme of activity. We have adopted a Risk Management Strategy using industry best practice to create a framework within which risks are identified and evaluated prior to mitigation plans being put in place. Programme and corporate risks are monitored regularly - risk is a standing item on the Audit and Governance Committee agenda, and the Corporate Risk Register is provided twice each year to the Transport for the North Board.

44-45

Measuring success: KPIs

Our Key Performance Indicator (KPI) framework monitors and measures our progress and performance and ensures that we provide value for money. There are four measures used to monitor the performance of our programme delivery:

- project scope
- meeting programme objectives
- milestone delivery
- budget

These are reported to our boards, committees and externally through the Monthly Operating Report to demonstrate progress achieved.

The KPIs that we have adopted for 2021/22 are set out below.

[SET OUT IN NEXT APPENDIX]

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Back cover