

Transport for the North Chief Executive Consultation Call

Subject: Spending Review 2021

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Sponsor: Tim Wood, Interim Chief Executive

Meeting Date: Wednesday 9 June 2021

1. Purpose of the Report:

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

2. Executive Summary:

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

3. Background

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

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

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

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

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

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

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

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

4. Initial principles and TfN approach to SR21:

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

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

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

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

5 Next steps – activities before the July Board

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

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

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

6. Recommendations:

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

List of Background Documents:

There are no background documents

Required Considerations
Equalities:

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

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

Environment and Sustainability

	No
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Consideration	Comment	Responsible Officer	Director
Sustainability / Environment	A full impact assessment has not been carried out because it is not required for this report.	Lucy Jacques	Tim Foster

Legal

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

Finance

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

Resource

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

Risk

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

Consultation

	No
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Consideration	Comment	Responsible Officer	Director
Consultation	A consultation has not been carried out because it is not necessary for this report.	Lucy Jacques	Iain Craven