

Transport for the North Chief Executive Consultation Call

Subject: Northern Powerhouse Rail update

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Sponsor: Tim Wood, Interim Chief Executive

Meeting Date: Wednesday 9 June 2021

1. Purpose of the Report:

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

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

2. Executive Summary:

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

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

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

3. Background

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

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

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

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

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

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

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

4. Scope of work for FY21/22

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

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

5 Model development

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

6 Strategic outline case

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

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

7 IRP review and response plan

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

8. Recommendation:

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

List of Background Documents:

There are no background papers to this report.

Required Considerations

Equalities:

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

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

Environment and Sustainability

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

Legal

Yes	No
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Consideration	Comment	Responsible Officer	Director
Legal	Either The legal implications have been		

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

Finance

Yes	No
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Consideration	Comment	Responsible Officer	Director
Finance	The financial implications have been considered and are included in the report.	Paul Kelly	Iain Craven

Resource

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

Risk

Yes	No
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Consideration	Comment	Responsible Officer	Director
Risk	Risk assessments continue to be carried out and the risks can be found in the Programme and Corporate Risk Registers	Haddy Njie	Iain Craven

Consultation

Yes	No
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Consideration	Comment	Responsible Officer	Director
Consultation	A suitable consultation has been carried out with partners when developing the scope for 2021/22	Stephen Sutcliffe	Tim Wood