

Transport for the North Scrutiny Committee

Subject: Northern Powerhouse Rail update

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Sponsor: Tim Wood, Interim Chief Executive

Meeting Date: Wednesday 7 July 2021

1. Purpose of the report

- 1.1 This report provides an update for members on progress on the Northern Powerhouse Rail (NPR) programme. Committee 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 NoRMS Iteration 2e model is currently going through a detailed assurance process and is due to be formally released for use in July 2021.
- 2.3 The scope, phasing and delivery sequencing of the Northern Powerhouse Rail 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 of and response to the IRP.
- 2.4 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 Northern Powerhouse Rail's scope and delivery resulting from the document.

3. Background

- 3.1 Transport for the North 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 programme at pace and efficiently:
- TfN has been successful in bringing together civic and business leaders from across the North to articulate the vision and priorities for Northern Powerhouse Rail, 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 Northern Powerhouse Rail, rallying behind its preferred network and phasing, and our recommendations for the sponsorship and delivery of Northern Powerhouse Rail 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 provided by Network Rail.
 - Creation of a strong body of evidence and state of the art analytical tools to underpin the case for Northern Powerhouse Rail 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 Transport for the North and the Department for Transport 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.
- 3.3 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".
- 3.4 Last winter, the Department for Transport 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.”

- 3.5 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.
- 3.6 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 Northern Powerhouse Rail. 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 Northern Powerhouse Rail.

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 Northern Powerhouse Rail 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 Northern Powerhouse Rail 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 advancing the design and development of the network where a single route option has already been selected
 - the submission of the Northern Powerhouse Rail 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.

5 Model development

- 5.1 The economic benefits of the Northern Powerhouse Rail scheme are forecast using a bespoke multi-modal transport network model, the Northern Rail Modelling System (NoRMS). A major upgrade to Iteration 2 has recently been completed, building on the findings from the use of the Iteration 1d model that has been used on the scheme to date.
- 5.2 The Iteration 2 model represents a step-change from the Iteration 1 versions of the model. Early results show an increase in benefits for the TfN preferred network of approximately 30% over the equivalent Iteration 1d 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.
- 5.3 The Iteration 2e model is currently going through a detailed assurance process by TfN's expert assurance panel and, in parallel, by the Department for Transport's analytical teams. Assuming that no major issues are unearthed, the model will be formally released for use in July 2021.

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 the Northern Powerhouse Rail infrastructure team 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 the Northern Powerhouse Rail strategies that will be required for the next stage
 - Completion of the Option Assessment Methodology (OAM) report
- 6.2 The Northern Powerhouse Rail 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 We are 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 Northern Powerhouse Rail 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 Transport for the North 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 Scrutiny committee members are asked to:
- **Note** progress on implementing the agreed scope of work for Northern Powerhouse Rail for the financial year 21/22, model development and the strategic outline case.
 - **Note** the plan to review and respond to the Integrated Rail Plan.

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	There are no new legal issues for TfN as a result of this report	Julie Openshaw	Dawn Madin

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	Stephen Sutcliffe	Tim Wood

	developing the scope for 2021/22		
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