

Date: 9 September 2021

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Department for Transport

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Dear Emma,

### **Spending Review 21: Transport for the North**

Following the Chancellor's confirmation that the Spending Review has now commenced, I am writing to set out our vision for Transport for the North for the next three fiscal years. We are committed to harnessing the investment made in Transport for the North over successive years to support and enable economic recovery and the delivery of planned growth. The capacity and capability held by TfN provides Government and our partners with the ability to develop business cases, challenge costs and accelerate delivery. In setting out our requirements in advance of the department's submission to Treasury we set out an ambitious but affordable agenda.

In the short time since our inception, TfN has established a clear role working alongside government, our member bodies and the wider transport sector to deliver improved outcomes for our residents and businesses. At the heart of our work is the need to bring forward credible and affordable long-term proposals for transforming the North of England's transport network. This submission sets out how we will use the certainty provided by a multi-year funding settlement to accelerate delivery, working with Government and our partners to reduce duplication, speed up processes and realise efficiencies. It builds on the constructive discussions we have held with officials across DfT (both as TfN and as part of the STB7 group), and the welcome recognition of the key role for STBs set out in the Transport Decarbonisation Plan.

Our funding ask is realistic and mindful of the fiscal challenges created by the pandemic, as well as the urgent need to support both government and our local partners to respond to both the economic consequences of the pandemic and the urgent need to decarbonise our transport network. We have therefore focused on piloting new activities which could be scaled over time, both to minimise additional costs to the exchequer and mindful of the need to demonstrate capability. We continue to work closely with the Department's Acceleration Unit in order to ensure that the learning gathered to accelerate the delivery of infrastructure proposals is applied more widely.

We would welcome further dialogue on the substance of these proposals and how we might work together to deliver them, as soon as possible. I anticipate that the Board will want to make additional representations to ministers as part of the SR21 process announced by the Treasury.

In themselves, these proposals represent an ambitious and progressive agenda for the organisation over the next three years, one that will deliver tangible benefits for the North.

In our view, we could – and should - go further. The pandemic challenged us to think differently about connectivity and the future of the transport system in the round. We face a collective challenge to meet the needs of the travelling public, decarbonise our transport networks and create new funding models that can support investment and level up opportunity.

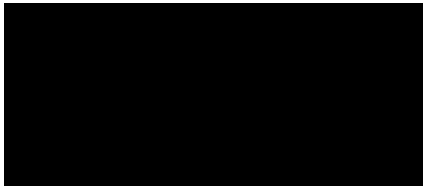
These issues require strategic leadership by both national and regional bodies. We believe that to deliver place-based outcomes it is essential that we adopt a systems approach to infrastructure planning. The potential of innovation within the transport system is dependent upon the availability of ubiquitous digital connectivity as the driver behind wider changes in society that creates opportunity for changing the transport system. In addition, the focus on electric and hydrogen powered solutions increases the importance of investment in power generation and distribution services.

We need a systems approach that can align investment decisions in these areas, one that is focused on delivering place-based outcomes. This is the core strength of TfN, enshrined in our STP and the Northern Powerhouse Independent Economic Review critical to achieving a de-carbonised transport system.

We continue to work closely with the other Sub-national Transport Bodies where there is added value from a co-ordinated approach. And we continue to support their own programme of works by sharing our accumulated knowledge and experience. This approach maximises the benefit of the investment made by TfN and enables the other STBs to deliver their programmes in a timely and cost-effective manner.

I believe that TfN is well placed to help realise the Government's commitment to levelling-up and achieve a step change in terms of delivery. I would welcome the opportunity to discuss these thoughts further.

Yours sincerely,



Martin Tugwell  
Chief Executive

## ***Transport for the North Spending Review Submission***

### **Summary**

This paper sets out Transport for the North's funding requirements from DfT for the next three fiscal years (to 2024/25). In the short time since our inception, TfN has established a clear role working alongside government, our constituent members and the wider transport sector to deliver improved outcomes for our residents and businesses. At the heart of our work is the need to bring forward credible and affordable innovative long-term proposals for transforming the North of England's transport network. This submission sets out how we will use the certainty provided by a multi-year funding settlement to accelerate delivery, working with Government and our partners to reduce duplication, speed up processes and realise efficiencies.

Our funding ask is realistic and mindful of the fiscal challenges created by the pandemic, as well as the urgent need to support both government and our local partners to respond to both the economic consequences of the pandemic and the urgent need to decarbonise our transport network.

Our focus now is to deliver on our core statutory functions, including the delivery of a new Strategic Transport Plan by 2024, bringing forward clear proposals for investment, and playing an active role in establishing Great British Railways in order to realise the benefits at the earliest opportunity.

We will continue to make the case for further devolution of budgetary control as set out in the Northern Transport Charter, in particular setting out how our unrivalled evidence base provides regional decision makers with the information that allows them to make informed choices. We see clear opportunities to harness TfN's current powers and funding and, with some investment, to realise a step change in our offer to local authorities, the department and our colleagues in the other sub-national transport bodies.

As in previous years, we are clear that a **multi-year settlement** is critical as it would allow TfN to more effectively and efficiently deliver the objectives of its members, government and its wider group of stakeholders. Our funding asks are as follows:

- TfN's core funding requirement over the next three years is **£8.5m** per annum, based on the assumptions set out in section 6.
- Continuation of the contractual arrangements that fund our rail co-clienting requirement (**£1.3m** per year (indexed)) which covers the costs of the Rail North Partnership and part of the cost of TfN's own strategic rail team.
- An additional **£2m** per annum for development funding enabling TfN to significantly strengthen our offer of support to local partners, our STB colleagues and to help NTAC accelerate Northern scheme development.

- Ahead of the publication of the Integrated Rail Plan, we currently estimate that around **£106m** funding will be required for Northern Powerhouse Rail in the next financial year 2022/23. This includes the c. **£1.5m** annual recharge for TfN services which we assume will continue.

## **1. Context**

- 1.1 Our transport system is at the heart of our economy and central to the future success of our communities: it is the means by which people and places connect with services and opportunities.
- 1.2 Investing in the transformation of our transport system is key to realising the economic potential first identified in the Government's Northern Transport Strategy and the Independent Economic Review. Enabling our residents and businesses to realise their potential within their communities is the manifestation of the Government's commitment to 'levelling up'. The strength of that economic vision is at the heart of TfN's work from the Strategic Transport Plan through to the transformational project that is Northern Powerhouse Rail.
- 1.3 It is also key to ensuring that economic growth is sustainable in the longer-term. At the heart of this is ensuring the choices we make, and the investment we deliver, meets the needs of everyone: we need to address the reality that for some the cost of transport, or indeed the lack of any transport option, acts as a barrier. This has become more urgent in the wake of pandemic that has fundamentally changed how we view our relationship with our work, our places and our communities.
- 1.4 If we are to indeed decarbonise our transport system, we must change the way we plan and then deliver investment in our transport system. Our award-winning Strategic Transport Plan – vision-led, evidence-based – anticipated the need for such change and has demonstrated the North's strategic and thought leadership. Our innovative approach and willingness to tackle challenging issues head on has created an ambitious agenda for the North of England and can provide a strong foundation for the Plan for Growth.
- 1.5 As the North's statutory regional transport body, our focus remains on working with Government, our partners, and the wider community to deliver the Strategic Transport Plan. This submission sets out how we will use the certainty provided by a multi-year funding settlement to accelerate delivery, working with Government and our partners to reduce duplication, speed up processes and realise efficiencies.

## **2. Ambitious in our Purpose**

- 2.1 TfN is the only statutory Sub-national Transport Body in the UK. Our overarching objective is to facilitate inclusive and sustainable transformational economic growth in the North of England. In doing so it is well aligned with the objectives of both central government, the 20 Transport Authorities that make up its membership, the 11 northern Local

Enterprise Partnerships that are represented on the Partnership Board and our delivery Partners including Network Rail, Highways England and HS2.

2.2 As the only STB with statutory status, our role is clearly defined in legislation and directly linked to the department's *strategic objectives*:

- Growing and levelling up the economy
- Improving transport for the user
- Reducing environmental impacts
- Increasing our global impact

2.3 In April 2018 Transport for the North came into being as a statutory body. Per the Sub-national Transport Body (Transport for the North) Regulations 2018, the organisation has the following general functions:

- a) to prepare a transport strategy for its area;
- b) to provide advice to the Secretary of State about the exercise of transport functions in relation to its area (whether exercisable by the Secretary of State or others);
- c) to co-ordinate the carrying out of transport functions in relation to its area that are exercisable by different constituent authorities, with a view to improving the effectiveness and efficiency in the carrying out of those functions;
- d) if TfN considers that a transport function in relation to its area would more effectively and efficiently be carried out by TfN, to make proposals to the Secretary of State for the transfer of that function to TfN;
- e) to make other proposals to the Secretary of State about the role and functions of TfN.

In addition, the Regulations set out a number of additional functions including in relation Franchise Management and specific functions to be exercised jointly either with the Secretary of State, Constituent Authorities or Highways Authorities.

2.4 The Explanatory Memorandum which accompanied the Transport for the North Regulations when they were laid before Parliament set out Transport for the North's role at clause 7.7:

*"Their role as a 'bridge' between local and national government will provide people with a greater say on transport in their area and greater input into national level decisions because they are collectively speaking with 'one voice'."*

It is in this "bridging" role where TfN continues to play a key role in translating the needs and requirements of the North of England into clear and credible proposals and worked collaboratively with government to identify the right solutions for transport users. It is this in this role that we see clear opportunities to further support the government and our Members commitment to achieve an improved offer for transport users as part of the next phase of TfN's development.

### **3. Putting transport users first**

- 3.1 Our Strategic Transport Plan is our call to action – it’s the North’s Plan, prepared by the North for the North.
- 3.2 At the heart of our Plan is the importance of a user centred approach – understanding ‘why’ people chose to travel, what factors influence their choice and how connectivity can unlock the full economic potential of the North as set out in the Northern Powerhouse Independent Economic Review.
- 3.3 At the same time our experience through the pandemic has served to emphasise the scope for doing things differently and the potential for changes in travel demand to happen very quickly.
- 3.4 Our award-winning Future Travel Scenarios and work on our decarbonisation strategy enables us to work with partners to identify the measures that will effect the changes in travel behaviour required, whilst preparing for a more uncertain future.
- 3.5 The insight provided through the application of our Analytical Framework ensures that our approach reflects the needs of our communities and businesses right across the North – whether in better connecting our city regions, providing transport solutions for our rural communities or connecting our ports and airports to global markets. The quality of our evidence base has meant we can reflect the diversity of our communities, their characteristics and diverse travel needs in our strategies and decision making (for example in taking crucial decisions on NPR).
- 3.6 We have developed and agreed a clear investment pipeline for the North, provided concrete proposals for how key projects can be accelerated through the Economic Recovery Plan, and demonstrated how this is what is required to support the delivery of planned growth (economic and housing) and realise the economic potential set out in the Independent Economic Review.
- 3.7 Our analytical framework, designed and developed in collaboration with DfT analysts is now fully operational and producing the evidence for both the investment programme and Northern Powerhouse Rail. Our analysis is unique in being able to assess modal shift between road and rail; impacts on passengers and freight; conventional as well as transformational growth and a wide range of social, environmental and economic benefits. We are using that evidence to go further in sequencing priorities and strengthening decision making, based on evidence that fully reflects the complexity of the difficult decisions we face, as well as the full economic and social opportunities offered by a transformed North.
- 3.8 Our approach to prioritisation continues to be grounded on strong evidential foundations and in the expectation of a devolved, multi-modal transport budget and supporting financial framework. The Northern Transport Charter sets out a clear blueprint for how clear prioritisation decisions could be taken within such a framework. We now want to build on the experience of national agencies who have worked within 5-year investment programmes, to agree a rigorous approach that works for the North and government. We

see potential to draw on our work with the Acceleration Unit to pilot such an approach as a precursor to further devolution.

3.9 There are a number of specific areas where a pilot approach could be tested, including the development of CP7 or RIS3 priorities, or focusing on specific key bottlenecks or corridors of the North of England and agreeing an investment pipeline over a number a future Parliaments. These could include:

- The Southern Pennines corridor between Sheffield and Manchester City Regions, where major multimodal decisions are required and TfN is already developing plans for NPR and is a key stakeholder in the Trans Pennine Tunnel being led by Highways England.
- Prioritising investment in our key station hubs – particularly Leeds Sheffield and Manchester where NPR and HS2 decision making urgently needs to be integrated into the needs of local connectivity as well as through-passengers.
- Developing multi-modal connectivity solutions for rural areas in partnership with our county councils, building on the work TfN is already doing to support rail investment in Cumbria, Northumberland and North Yorkshire.

3.10 We would welcome the opportunity to discuss this approach further with officials, but would envisage a pilot as a means of demonstrating our ability to develop clearly agreed long term investment priorities (eg for a particular geographical area), as well as demonstrating TfN’s decision making and governance capabilities in preparation for taking on wider responsibility prioritisation and budgets in future. A prioritised investment programme (determined by a devolved budget) will allow us to:

- Give confidence to investors that the infrastructure required to support planned growth will be there.
- Enable local partners responsible for delivering infrastructure to plan their resources more efficiently and effectively – reducing the cost of delivery and enabling benefits to be realised sooner.
- Accelerate the delivery of investment by reducing/removing bureaucracy.

The Investment Programme Benefits Analysis (IPBA) programme currently underway will provide the first quantified evidence of the benefits of such an approach. We will continue to work with the DfT’s Acceleration Unit to agree an approach to further sequencing and prioritisation activity.

#### **4. TfN: Focused on Delivery**

4.1 Since it was created, Transport for the North has demonstrated its credibility as the single voice of Political and Business leaders on issues of genuine strategic importance.

4.2 The TfN Board – and associated groups – have provided strong leadership on strategic issues: preparing an evidenced-based programme of investments



that will facilitate transformational, inclusive and sustainable economic growth.

- 4.3 This is now of intrinsic value to the North of England's economy, and that of the United Kingdom as a whole, and supports the core components of what has become the Government's 'levelling up' agenda – including tackling the productivity gap.
- 4.4 Transport for the North has carved out a proactive and multi-faceted role - providing a single, clear voice from North, as well as driving forward its own projects with a clear focus on transformation, innovation and securing value for money. This has seen Transport for the North flourish within its first two years as a statutory authority – tackling large, complex problems whilst in organisational infancy. This has been built on its truly collaborative work to measure the significant impact transport investment will have on the North's productivity and collective economy. For example, our collaborative work on NPR has produced clear credible proposals that meet the transformational ambition of the North at significantly reduced cost compared to the original vision, and we continue to actively drive down costs with a clear focus on value for money.
- 4.5 Transport for the North's success has been in uniting its civic and business leaders as 'one voice' for the North. It has clearly communicated the North's priorities for future investment, as well as providing recommendations during challenging times on the transport network. Transport for the North's ability to deliver its objectives has always been dependent on building and managing open and honest relationships with our members, partners and stakeholders across the region.

## **5. Maintaining Momentum: Accelerating Delivery**

- 5.1 We have a clear vision for the next phase of development and the remainder of this parliament. Our core objective will be to produce and agree a new Strategic Transport Plan by 2024 – our central statutory function. The new STP will build on the ambitious and progressive agenda established by the first STP, addressing head-on both the opportunities for decarbonisation and the challenges of transport related social exclusion.
- 5.2 Alongside the STP programme, we will update the Northern Powerhouse Independent Economic Review (NPIER) as an essential part of refocusing our economic objectives, working with the NP11 to establish a new pan-Northern programme of research and analysis to support broader economic development and drive cleaner, greener and more inclusive growth.
- 5.3 Both the STP and the new NPIER will set out the importance of understanding the implications of trends in wider society (many of which have been accelerated by the pandemic), climate emergency and technological change. Building on our future travel scenarios, we envisage that our policy development programme will need to tackle a broader set of challenges around transport related social exclusion, rural mobility and strategic local connectivity. We will test and implement new forms of decision making (eg the development of a Citizens' Panel, and implementing



Independent Assurance Arrangements) that will support strengthened decision making within our governance arrangements.

5.4 Secondly, we will sharpen our focus on strategic prioritisation and delivery by:

- Producing an updated TfN Investment Programme in 2023, setting clear, sequenced investment priorities for the North of England for the next Parliament and specifically the North's requirements for CP7 and RIS3.
- Progressing the development of Northern Powerhouse Rail toward construction – including accelerating work on key stations, design development and consents to enable delivery to start by the middle of this decade.
- Continue our support for rail services through the Rail North Partnership. Supporting the rail industry to build back from the covid pandemic is essential in cementing the recovery of the North's rail market and reduce subsidies in the longer term, thereby delivering better value for money for government and passengers. TfN will continue to provide strong leadership to resolve key service infrastructure challenges in an integrated and collaborative way through Rail North.
- Smart ticketing remains a priority for the North. Transport for the North is drawing on knowledge and experience from the previous Integrated and Smart Travel Programme to work with operators and local authorities to identify pilot projects and opportunities to integrate rail products with other modes including buses. In particular, TfN would support a rail-operator led pilot of Pay as You Go ticketing in the North of England as part of the national roll-out.
- On decarbonisation we will work with our partners to accelerate the transition to net zero on our transport network, in our towns, cities and rural areas, whilst working with the NP11 and business organisations to maximise the opportunities for clean growth, building on our existing work on EV charging networks and partnership working on Hydrogen.

5.5 Thirdly we want to strengthen our role in shaping national programmes, building on Northern Powerhouse Rail, the Rail North Partnership and our roles with Highways England and Network Rail. We want to continue as an active and valued partner to delivery bodies and contribute to the national policy debate, providing technical expertise together with expert local knowledge and extensive partner and local stakeholder networks. Our priorities as follows:

- Williams-Shapps Plan for Rail and the creation of Great British Railways, working at pace with the transition team and drawing on the knowledge and experience of RNC and Rail North Partnership to set out a proposal for how to implement GBR (and to help accelerate the transition), with a clear role for TfN and partners in the new structure and setting the strategic direction for the North's rail network.
- Building on our Major Roads evidence base, working with the department to shape the strategic northern priorities for the next Road Investment Strategy, the Major Road Network investment programme building on our Major Roads Programme and supporting the debate on the future of motoring funding.

- Agreed approach with DfT on major transport decisions, building on the collaborative approach we have demonstrated in NPR and pursued on the Manchester rail network.
- Work with the DfT chief analyst and economists across government to support the implementation of the new Green Book and revised TAG guidance, building on our industry leading capability, models and innovation and existing collaborations on NPR, Freight and Spatial Planning (also with MHCLG).
- We will support the National Infrastructure Commission to develop the next National Infrastructure Assessment and would welcome a strengthened role for TfN and our STB colleagues in ensuring that the National Infrastructure Plan has a strong regional focus.
- Work with, and support, the Department in the development of the updated National Networks National Policy Statement

5.4 Fourthly we will work with government, partners and our STB colleagues to build capability and accelerate delivery at regional and local level, including:

- Continuing the development and sharing of the analytical framework – including the creation of a common analytical framework across the STBs (representing a significant return on the investment by government in TfN analytical capability).
- Sharing best practice and capability with others, leading on key transport planning themes on behalf of the STB group – particularly building on our existing leadership on freight, decarbonisation and EV charging. TfN is supporting the inaugural STB7 conference in spring '22 as an opportunity to share knowledge and share best practice.

We want to accelerate local planning and delivery, preparing strategic business cases at a programme level and supporting delivery partners (both national agencies and local partners) to prepare individual business cases. A piloted approach, developed by DfT and TfN, could be quickly rolled out across the English regions by the end of the next SR period.

5.6 By the end of the Spending Review period TfN will have:

- Delivered on our statutory commitment to provide a new Strategic Transport Plan
- Established a clear role for the North in the strategic oversight of transport infrastructure planning on road and rail.
- played an active role in the management of services through Rail North and guided NPR development through to the early phases of delivery.
- Enhanced our reputation and role as the leading sub-national transport body with a clear framework for supporting regional, national and local partners.
- Prepared and ready to assume additional responsibilities for prioritisation and sequencing of a devolved northern infrastructure budget.

In this way the programme of work set out in this submission will deliver improved outcomes as a result of investment in transport infrastructure and services, to the benefit of all transport users.

## 6. Funding requirement

6.1 Transport for the North is funded via DfT and as a consequence it will be subsumed into the DfT submission for CSR purposes. This document sets out the funding that Transport for the North will require during the CSR period to discharge its statutory functions, support the delivery of Government policy and deliver upon the aspirations of its members.

6.2 Since the start of FY2018/19 TfN has *de facto* been operating on the basis of one-year settlements. As in previous years, we are clear that a multi-year settlement is critical as it would allow TfN to more effectively and efficiently deliver the objectives of its members, government and its wider group of stakeholders. A multi-year settlement would support TfN's ability to deliver value for money as it would allow:

- i) work programmes, such as the revision of the STP, to be properly planned and sequenced over a number of financial years.
- ii) better management of the procurement pipeline with suppliers and the ability to drive better pricing based on certainty of activity.
- iii) the recruitment of staff on permanent or long-term FTC basis, rather than a reliance on interims and consultants – this would lead to a more stable and resilient resourcing base at a lower cost than the current approach.
- iv) TfN to retain its capacity and capability protecting the investment made in TfN to date, as well as enabling TfN to support the work of other STBs in a cost effective and timely manner.

### 6.3 Core Funding for 2022/23 to 2024/25

Per annum	£'m
Cost of TfN Core functions	10.5
Reserve releases	(0.5)
Recharges to NPR	(1.5)
<b>Core funding requirement</b>	<b>8.5</b>

6.4 TfN's core funding requirement over the next three years is **£8.5m** per annum, based on the assumptions set out in paras 6.5 and 6.7. This will allow TfN to deliver upon a range of strategy, analytical and policy development to which it is committed, maintain its contribution to operational rail activity, discharge its statutory functions (including the revision of its statutory Strategic Transport Plan in 2024/25) and fulfil all of its regulatory and governance obligations.

6.5 This requirement includes the ongoing management of TfN's reserves down to the £2m minimum level agreed with DfT in the 2018 MOU. It also assumes that the current recharge of £1.5m to the NPR programme

continues. Should this not be the case the overall requirement will increase to **£10.0m**.

#### 6.6 **Rail Co-clienting (£1.3m, indexed)**

6.7 The costs of the Rail North Partnership and part of the cost of TfN's own strategic rail team are funded through a contract with the Secretary of State. Given the requirement for TfN to support the effective implementation of the Williams-Shapps recommendations in the North, the assumption is that it will continue through the spending review period. The revenues that TfN receives / allocates to resource its own strategic rail team and the Rail North Partnership team that it hosts, are set out in the table below:

	<b>TfN Strategic Rail team £'m</b>	<b>Rail North Partnership £'m</b>	<b>Total funding £'m</b>
Rail Administration Grant (via PTEs)	0.2	0.3	0.5
Rail North Partnership Grant	-	0.8	0.8
<b>Rail Specific funding from DfT</b>	<b>0.2</b>	<b>1.1</b>	<b>1.3</b>
TfN Core funding	1.4	-	1.4
Rail North partner contributions	0.1	-	0.1
Contracted Income (NYCC & NR)	0.1	0.3	0.4
<b>Total</b>	<b>1.8</b>	<b>1.4</b>	<b>3.2</b>

Any changes to the specific rail funding arrangements would place additional pressure on TfN's core funding. In addition, further to discussion with the Rail North Partnership team, it is assumed that any incremental activity in RNP will only be taken forward where additional funding is made available.

#### 6.8 **Development funding £2m per annum**

6.9 As government seeks to accelerate delivery of schemes through a range of initiatives including DfT's Acceleration Unit and NTAC, this places an additional premium on there being a pipeline of projects that can be brought forward as funding is made available.

6.10 A separate allocation of development funding would allow TfN to develop and prioritise the pipeline of rail investments through our statutory partner role, assist in the development of road projects and provide hands on support to local authorities to expedite schemes. This would support the delivery of government policy agendas, accelerate scheme design and implementation and build capability at local level. Further, it would allow TfN to ensure consistency of approach, provide an assurance role and demonstrate the delivery of its STP.

6.11 This level of funding would allow direct support to up to three schemes, and to pilot some strategic prioritisation activity in particular areas as outlined in Section 3. We would agree a number of candidate schemes with DfT and our partners, based on clear criteria. In time, and with clear evidence of impact, this approach could also be scaled to:

- i) Increase the volume of potential rail and road projects that are within the Northern infrastructure pipeline that could be developed through to viability stage;
- ii) commence development to strategic outline case of a small number of strategic freight interventions;
- iii) Adopt a more structured approach to the work already being undertaken to develop short-term reliability enhancements on the North's rail network that can be delivered quickly in partnership with Network Rail / TOCs.

#### 6.12 Northern Powerhouse Rail

	<b>2022/23 £'m</b>	<b>2023/24 £'m</b>		<b>2024/25 £'m</b>
RDEL	106.7	163.9		249.2
<i>Of which:</i>				
• <b>TfN</b>		<b>76.6</b>	<b>132.9</b>	<b>218.2</b>
• <i>HS2</i>		<i>31.0</i>	<i>31.0</i>	<i>31.0</i>
CDEL	-	14.9		62.0

6.13 TfN has considered the funding requirement for the NPR programme in the absence of the IRP. The following assumptions have therefore been adopted:

- i) In the absence of an alternative, it is assumed that the current co-client arrangement, hosted by TfN, will continue and that there will continue to be a £1.5m recharge to fund the ongoing support of other TfN functions necessary to deliver NPR;
- ii) That the costs of the programme, including the committed costs to TfN (ie NPR team, TAME and other directly charged staffing costs, and accommodation and business infrastructure costs) and anticipated NPR delivery partner costs will be broadly similar regardless of the network choices and delivery model adopted;
- iii) The RDEL and CDEL forecasts assume that the NPR programme that emerges from the IRP will be of a significant scale and timed to be delivered in the medium-term. As the IRP will set out the preferred timescale for the delivery of NPR, and as that remains yet to be published, our assumption is that the phasing remains as that presented by TfN to government – commencing with construction of key stations and a small number of route upgrades from the middle of this decade through 2040 when the whole NPR network will be

operational. Whilst consistent with the forecast provided in 2020, the delay to the IRP has resulted in the consequential slippage of both the RDEL and CDEL forecast by one year, meaning that in the case of the latter the £336.5m that was previously forecast for 2024/25 now falls into 2025/26 and is therefore outside the scope of this submission.

- iv) That it will take time to gear-up programme activity, and that this may operate as a limiting factor on activity levels that can be achieved during the early part of 22/23.
- 6.14 Further to 6.2(ii) above, a multi-year funding settlement is of particular importance to TfN as it would give the supply chain confidence to support the scaling up of activity required to enable work for the delivery of key stations and the first route upgrades to be accelerated. In anticipation that the IRP will confirm delivery of NPR over the medium term, a significant scaling up of activity will be required independent of the network choices made. A continuation of short-term settlements will have the de facto result of causing delays to NPR, which is at odds with the drive to accelerate delivery of major infrastructure through initiatives such as Rail Project SPEED. Inevitably, it would delay potentially the most significant contributor to this government's levelling up agenda.
- 6.15 Co-clienting NPR with DfT has led to a great number of successes. TfN's involvement has meant that local knowledge of the challenges and opportunities has informed shaping our preferred NPR solution. In turn, this has ensured widespread political and business support for NPR across the North which will be beneficial as NPR progresses toward delivery. This joint working means that NPR benefits from other areas of TfN expertise, including the analytical framework to help articulate the wealth of benefits NPR will deliver for communities and businesses in the North as we build our business cases.
- 6.16 As co-client, TfN has been instrumental in realising efficiencies – through challenging costs and scope reductions of over £4bn have already been agreed with Network Rail on our preferred network. A further c.£5bn of reductions on this network have also been identified and are under review. To ensure that NPR delivers for the North in an efficient way, it is imperative that as NPR moves beyond the Strategic Outline case that TfN remains a core part of the project team as co-sponsors.
- 6.17 **Implementation**
- 6.18 TfN receives virtually all its revenue from central Government via the DfT. Given likely timings around the spending review, any business planning activity that can be undertaken in the autumn would be absent of any certainty with regard to the level of funding that will be available to it. This will of necessity limit the extent of any work that can reasonably be carried out prior to the funding allocation being made. The legal requirement for TfN to set a fully funded budget before the start of the new financial year will remain.



- 6.19 Clearly, any significant move away from current funding levels for either core activity or programmes will significantly increase the challenge that Transport for the North faces and may indicate the need for a “holding” budget to be put in place supported by a business planning process and revised budget to be completed in Q2 of 2021/22, once the NPR SOC and year end accounts processes had been finalised.