

Meeting: Transport for the North Board
Subject: Integrated Rail Plan update
Author: Tim Foster, Strategy and Programme Director
Sponsor: Martin Tugwell, Chief Executive
Meeting Date: Tuesday 25 January 2022

1. Purpose of the Report:

- 1.1 To update Board members on the Integrated Rail Plan, including:
- Progress since the publication of the IRP;
 - Discussions with Government on transition arrangements and funding implications for TfN;
 - Proposed approach to the Transport Select Committee Inquiry ; and
 - Co-sponsorship of Northern Powerhouse Rail.

2. Recommendations:

- 2.1 Members are asked to **note** the progress outlined in section 3 of the report and the update on transition arrangements and implications in section 4.
- 2.2 Members are asked to **agree** the proposed approach to the Transport Select Committee inquiry in section 5.
- 2.3 Members are asked to **consider and support** the section on co-sponsorship (section 6) including the principles outlined in Appendix 3 and the CEO's future vision for TfN (Appendix 4).

3. Progress since the publication of the Integrated Rail Plan:

- 3.1 Following the publication of the Integrated Rail Plan on 18 November 2021, officers undertook an initial assessment of the potential economic consequences of the Plan, and key findings were presented at the TfN Board meeting on 24 November 2021. The Board made clear its dissatisfaction with a number of choices that had been made by Government through an unanimously agreed motion.
- 3.2 A number of activities have been undertaken since the Board met in November:
- 3.2.1 Immediately following the November Board meeting, the Interim Chair provided statutory advice to government emphasising the Board's unanimous concerns about the IRP and seeking a constructive way forward. A response was received from the Secretary of State on the 17th December (Appendix 1). The Secretary of State has not responded to the Interim Chair's request to meet with a delegation from the Board to discuss a constructive way forward. However, he has indicated his willingness to consider further investment proposals in addition to those presented in the IRP.
- 3.2.2 In responding to Government, the Board noted the absence of the technical documentation supporting the IRP proposals. The evidence base behind the IRP remains unpublished, despite requests from both members and officers. Without further information, TfN officers remain unable to determine how key decisions

have been reached or if the approach outlined in the new HMT green book has been followed.

- 3.2.3 TfN officers have commenced the economic and environmental assessment of the IRP as directed by the Board in November. The assessment will include the implications for connectivity and economic productivity, local plans and strategies, redevelopment around stations, freight and international connectivity, and decarbonisation. The initial work is focused on the local economic plans of partner authorities most affected by changes to HS2 and key decisions on Northern Powerhouse Rail. The work will report back to Board members in February and March 2022.
- 3.2.4 The Board also remitted the Finance Director to explore funding options in relation to the delivery of its preferred Northern Powerhouse Rail network. A working group made up of partner officers and LEP members has been established to take forward this work. A meeting with DfT officials (to be attended by Transport for the North Officers and representatives of the working group) has been arranged for 27 January 2022, the primary objective of which will be to understand the parameters within which any immediate proposals will need to sit. Officers have also working closely with the Northern Powerhouse Partnership who have been asked to look at related opportunities for funding transport infrastructure, including Northern Powerhouse Rail.
- 3.2.5 Finally, work has been undertaken on the co-sponsorship arrangements and initial discussions held with departmental officials, and the update on this work is reported in section 6 of this paper.

4 Transitional arrangements and implications for business planning

- 4.1 The Integrated Rail Plan outlined the Government's intention to retain sole management (or "clienting") of the NPR programme and ownership of the business case, with TfN offered a co-sponsorship role. DfT officials subsequently informed TfN officers that they intend to start the new arrangements from the start of the next financial year.
- 4.2 These changes in governance have significant implications for the funding and structure of TfN and whilst initial discussions commenced with DfT officials in December, much of the detail has yet to be presented by the Department. However, it has been made clear in both the IRP and subsequent discussions that no further TDF funding to resource the NPR programme is available after the end of this year and that the bulk of the work that was being performed by TfN through the NPR programme will be transferred to the Department. This has significant implications for wider business planning activity, as set out in the Finance and Risk update for this Board. The Chief Executive has outlined the need for urgent resolution, and set out implications of these delays to the Department in the strongest possible terms.

5. Transport Select Committee Inquiry

- 5.1 The Transport Select Committee has announced an inquiry into the Integrated Rail Plan. A call for evidence has been published, with written evidence to be submitted by the 24 January 2022. The clerk of the committee has agreed a short extension to enable the Board to consider the draft evidence submission at Appendix 2 at the Board on the 25 January. Hearings are expected to take place in February and March. Invitations to appear as a witness to the committee's inquiry have been issued to the Chief Executive, Interim Chair, the permanent Chair when appointed and other members of this Board.
- 5.2 The TSC is seeking evidence on the implications of the Integrated Rail Plan (IRP) for the economy and rail capacity and connectivity, including:

- The contribution that the IRP will make to rail capacity and connectivity for (a) passengers and (b) freight in (i) the Midlands and the North and (ii) the UK
- Whether and how the IRP will “level up” communities in the Midlands and the North
- How the IRP will affect rail infrastructure and services outside the Midlands and the North
- The challenges to central Government, Great British Railways, regional and local authorities, transport bodies and other stakeholders in delivering the IRP
- How the rail schemes in the IRP will integrate and interact with HS2
- How the rail improvement schemes in the IRP were selected, and whether those selections represent equity between and within regions
- Whether the IRP represents value for money for UK taxpayers

5.3 The draft submission is included at Appendix 2, and draws on the Board’s consistent and clear statutory advice to government since 2019 covering NPR and HS2, including the latest advice submitted in November 2021. It also draws on the evidence TfN Board submitted to the National Infrastructure Commission’s Rail Needs Assessment in May 2020.

5.4 The draft TfN submission focuses on the following issues:

- Restating the Strategic Case for connectivity and capacity of the full NPR/HS2 network, as evidenced within both the STP and NPIER and the foundations of the original “Northern Powerhouse” approach.
- Outlining the way in which NPR has been carefully designed and developed as a network of services to deliver transformational benefits for passengers and freight. Emphasising that the development of NPR has been backed by robust evidence and decision making throughout.
- Setting out the social, environmental and economic consequences of the IRP, the implications of long-term upgrades on disruption
- The clear, consistent statutory advice from the Board to government throughout the Oakervee review, the NIC’s Assessment and the IRP, emphasising that the North could have responded to a funding envelope had that been made clear.
- The offer from the Board to work constructively with government to agree a way forward and agree how future phases of NPR will be developed, including the role of local funding contributions.

5.5 The draft submission will be shared with officers in partner authorities and written comments in advance of the Board would be welcome. The final version will be approved by the Board. Alongside the main submission, we also propose to submit all the publicly available statutory advice from the TfN Board, as well as the full submission to the NIC’s Rail Needs Assessment in 2020.

6. Sponsorship arrangements

6.1 The IRP set out the Government’s intention to directly client the next stage of NPR (Phase 1), replacing the co-client arrangements established in 2015, and with TfN moving to a co-sponsor role. David Hughes’ letter of the 18th November outlined the Department’s intention to transition to the new governance arrangements by April 2022. The TfN Executive has sought further detail from DfT officials on the intended approach to co-sponsorship but, at the time of writing, only high-level proposals have been received for a joint Sponsor Board for NPR Phase 1.

6.2 Without further detail available, TfN Executive has produced two appendices to this paper as the basis for initial discussions with members on the preferred way forward:

- The Board's preferences for the co-sponsorship of NPR Phase 1 and the successful agreement of a set of arrangements with DfT (Appendix 3).
- The future operating model for the organisation's statutory functions in the light of the changes to the NPR programme (Appendix 4).

Given the importance of the changes to NPR governance for TfN's future operating model, these two issues need to be considered together.

6.3 In addition, the Executive recommend that a future Board decision to enter into any co-sponsorship arrangements with Government should be dependent on the following principles:

6.3.1 **A comprehensive co-sponsorship role**, which at minimum should cover NPR Phase 1 (which now includes Transpennine Route Upgrade (TRU)), development of future phases of NPR, and preferably also include HS2 and wider rail investment in the North, including future phases of NPR.

6.3.2 **A strong and meaningful co-sponsorship role**. Clearly any sponsorship role must include a strong role for members in agreeing desired programme outcomes with ministers as well as clear oversight of visibility of progress and delivery. The Board will want assurances that the client function will maintain the integrity of the North's long-term ambition for the NPR network and continue the strong (and essential) programme integration and challenge and oversight roles currently undertaken by the TfN NPR programme. If required, TfN should seek to retain those functions as part of a strengthened co-sponsor role.

6.3.3 **Continuing to provide independent statutory advice to Government**. This must include advising government on additional rail investment outside of the agreed scope of the co-sponsor function. To continue in that role, TfN must retain an independent evidence base and technical capability to advise the Board. TfN has demonstrated how that technical capability can be deployed successfully on issues such as the Manchester Recovery Task Force, as well as NPR and the TfN Investment Programme. There are elements of the Rail North Partnership which can be successfully applied to the joint sponsorship arrangements.

6.3.4 **An adequately resourced co-sponsorship role**, building on the successes of the Strategic Transport Plan, Northern Transport Charter and TfN Decarbonisation Strategy, and aligned to the emerging vision in appendix 3. That means ensuring that the co-sponsor function is appropriately resourced alongside the core statutory functions of the organisation and the government's emerging new priorities for Sub-national Transport Bodies.

6.4 At this stage the Executive is seeking steers on the overall approach and principles to reaching agreement with the department. We will continue to press for further detail and a swift resolution to discussions.

7. Corporate Considerations

Financial Implications

7.1 The financial implications of the IRP, in particular the transfer of the NPR to DfT, are currently under discussion with DfT. The close down costs are anticipated to be funded from within TDF funding allocations with the exact mechanism currently being discussed. The core funding allocation for 2022/23 and beyond, once received and its scope fully understood, will allow business planning for future years to progress.

Resource Implications

- 7.2 The full implications of the IRP once established alongside our core budget settlement for 2022/23 and beyond, may necessitate a review of our corporate objectives, priorities and organisational design, and need to undertake a downsizing programme.

With regards to TDF funded posts supporting the NPR programme with members approval, once the required detailed service transfer specification is received from DfT, the necessary TUPE process will commence through to its conclusion.

In the meantime, DfT has requested TfN second two employees to support SOBC development to align with the IRP and co-ordinate policy, infrastructure and analytical inputs into an integrated programme plan.

Legal Implications

- 7.3 This paper does not require a legal assessment.

Risk Management and Key Issues

- 7.4 The risk implications are set out in the report.

Environmental Implications

- 7.5 The environmental implications of the IRP are being assessed by officers and the outcome will be reported at a future Board.

Equality and Diversity

- 7.6 The equality and diversity implications of the IRP are being assessed by officers and the outcome will be reported at a future Board.

Consultations

- 7.7 Officers consulted with the Scrutiny Committee on the 12th January. There are no further consultations required at this point, however discussion with the Department for Transport will continue on the sponsorship role.

8. Background Papers

- 5.1 There are no background papers.

9. Appendices

- 9.1 Appendix 1: Response from the Secretary of State to the TfN statutory advice.
Appendix 2: Draft TSC submission
Appendix 3: Co-sponsorship principles
Appendix 4: Future operating model for TfN

Glossary of terms, abbreviations and acronyms used (if applicable)

Please include any technical abbreviations and acronyms used in the report in this section. (Please see examples below.) This will provide an easy reference point for the reader for any abbreviations and acronyms that are used in the report.

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| a) IRP | Integrated Rail Plan |
| b) NIC | National Infrastructure Commission |
| c) NPR | Northern Powerhouse Rail |