

IRP Sponsorship Principles**1. Purpose:**

- 1.1 This paper provides information on the potential role which TfN could play as co-sponsor for NPR (Phase 1) and sets out some suggested key principles that TfN suggest might be used to shape the development of Terms of Reference.

2. Background:

- 2.1 In January 2021 this Board discussed potential future delivery model options for NPR for presentation in the NPR Strategic Outline Case, which at that time was to be completed in March 2021.
- 2.2 This Board resolved to:
- Agree the need for an NPR network-wide delivery approach consisting of a single NPR programme; and
 - Agree that the SOC should recommend that TfN has a continued role as co-sponsor.
- 2.3 The January 2021 Board paper set out that TfN recommends that DfT and TfN have 'joint responsibility for the overall programme-level business case and strategic direction. This will be underpinned by a role for both parties within the formal programme governance.'
- 2.4 While the Board paper was primarily aimed at how to present delivery models in the SOC while waiting for the IRP, a role for TfN as sponsor was included in the statutory advice to government, as well as in public statements.
- 2.5 In January 2021, discussion on the delivery models would have been predicated on developing an SOC through the existing co-clienting model, and on an NPR network based on initial preferred route options shortlisted by both Transport for the North and DfT. This Board would have expected further discussion on the delivery model as the terms of reference for the IRP set out the intention for:
- "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."*
- 2.6 Paragraph 5.26 within the IRP sets out that:
- "In finalising the Strategic Outline Case and moving forward into delivery, the NPR Programme will move to a different phase of development. As such, the current sponsorship model will need to evolve. In line with TfN's own recommendations, the Department and Transport for the North will continue to co-sponsor NPR, but the clienting of Network Rail, HS2 Ltd and other delivery partners will be managed in a single team. That team will need to be answerable to the Secretary of State for Transport to streamline relationships,*

create efficiencies and provide clarity on the roles and responsibilities for the two sponsors while ensuring the North can still provide strategic advice on the direction and outcomes for NPR.”

- 2.7 Following publication of the IRP, a letter from DfT sent to Transport for the North set out that “DfT intends to assume immediate and full responsibility for finalising the NPR Strategic Outline Case (SOC).”
- 2.8 Correspondence from DfT officials confirms that “*the precise terms of the sponsorship agreement will need to be discussed and agreed, but the outcome sought is a single programme client guided by a sponsor board of DfT and TfN representatives.*” This paper sets out some of the key issues for TfN in co-sponsorship and possible priorities for TfN in agreeing to co-sponsorship.

3. Defining sponsorship

- 3.1 In developing our initial thinking on potential delivery models for NPR, 5 horizons were considered:
1. Funder
 2. Sponsorship & strategy
 3. Client body (or bodies)
 4. Delivery body (or bodies)
 5. Supply chain

Further details on each are provided in Appendix A.

- 3.2 In summary, the distinction between sponsor and client roles are that
- **the sponsor is the customer for the work:** defining the objectives of the programme and responsible for the programme strategy to ensure that the objectives are met, including defining projects to achieve the desired outcomes and changing the projects if the outcomes aren’t being met.
 - **the client manages the programme,** including performance of the delivery body (or bodies), to the requirements set by the sponsor.
- 3.3 The Secretary of State for Transport and government will, as **funder**, remain the final and sole decision maker on the objectives of the programme, and how it should be achieved (and through which projects). Therefore, the sponsorship role is primarily an advisory one to Ministers rather than one of a decision-maker (whilst anticipating a future role for local contributions.
- 3.4 Co-sponsorship provides an opportunity to ensure that funding and strategy decisions about transport in the North are informed by local knowledge and requirements.

4. A Potential Co-sponsorship Model

- 4.1 Key factors of defining a delivery model include the governance model (including decision making and risk management), information flow and organisational design.
- 4.2 **Governance:** The most important role of co-sponsorship will be a formal role within the NPR programme governance for TfN. We would

expect that day-to-day decisions on managing delivery would be taken by the client function, utilising an appropriate level of organisational governance. However, we would expect that major advice and decisions on the scope, timing, phasing of the overall programme would require agreement with TfN. This would ensure that Northern leaders have a collective say on any significant changes to the programme.

4.3 **Information flow:** the co-sponsorship role will require a close working relationship with DfT to share information. As set out in 'Lessons from Transport for the sponsorship of major projects'¹, co-sponsorship requires careful design and operation. For co-sponsorship to be successful, there must be agreed processes to share information across organisations and to ensure decision-makers are fully informed. The successful Rail North Partnership model uses "dual badging" of officers as both TfN and DfT, enabling visibility of both parties' information and advice to ministers.

4.4 **Organisation and capabilities:** The TfN team required would likely be a combination of:

- Secretariat function: to manage the interface with the TfN Board and Executive Board by drafting papers / sharing information / organising briefings.
- Engagement function: to continue our working level relationships across local and combined authorities in order to understand partners' issues and concerns.
- Technical and analytical capability: to review proposed changes, evaluate whether the programme will achieve the objectives, and to provide informed advice to the TfN leadership and TfN Board (eg on programme business case, benefits realisation plan etc).

4.5 The current NPR programme team have provided oversight of the delivery bodies while also undertaking certain additional functions which might classically be considered a sponsorship role:

- acting as custodian of the aspirational journey times and train frequencies (the "NPR conditional outputs");
- developing the approach to, and proposals for, phasing and sequencing of the programme;
- establishment of appropriate governance structures to oversee delivery;
- strategic integration with wider policies/goals and other infrastructure proposals
- preparation of advice to decision makers

¹ Lessons from Transport for the sponsorship of major projects, DfT / IPA, April 2019

- 4.6 Both the sponsor and client functions contain oversight roles, covering different parts of the delivery model. The sponsor must satisfy themselves (and on behalf to the funder) that the client is appropriately managing the programme and that the programme benefits will be delivered and on time and to budget. The client team must proactively manage the delivery bodies to ensure alignment of activity to the strategy and requirements, and that the programme outputs will be delivered on time and to budget. While functions may be mirrored, it is imperative that roles are sufficiently defined to provide the appropriate levels of (re)assurance without the creation of shadow functions.
- 4.7 This suggests that decisions on the sponsorship role cannot be separated from the design of the clienting function. Noting IPA routemap advice on ensuring adequate consideration is given to the establishment/building of new capabilities at times of transition, there may be a need for interim arrangements if a satisfactory plan for transition arrangements cannot be put in place in time.
- 4.8 Transport for the North Board will therefore want to understand the nature of the proposed client function before decisions can be made on the remit and capabilities required to support co-sponsorship arrangements.

5. Co-Sponsor Board: Suggested Principles

- 5.1 TfN Executive have proposed the following principles for how the Sponsor Board would operate:
- 5.1.1 The TfN Board (Members) will need to consider, and agree, a detailed proposal for the structure and Terms of Reference for the Sponsor Board.
- 5.1.2 The Sponsor Board needs to be jointly owned by both DfT and TfN, building on the example of the existing joint working arrangement (the Rail North Partnership), experience of which should be used to help shape the structure and Terms of Reference. The RNP is a tried and tested model through which TfN and DfT discuss and agree commercially sensitive issues in an efficient/effective manner whilst recognising that ultimately the DfT is single funder. The RNP model demonstrates how a jointly owned governance framework with a single funder can operate.
- 5.1.3 The Terms of Reference should make it clear where/when the output feeds into and how the views of the co-sponsors will be reflected in the output. In order for the Sponsor Board to have credibility it must be able to constructively check and challenge the work undertaken at the programme board level in order for its advice to be robust.
- 5.1.4 There should be some mechanism for TfN (as co-sponsor) to engage with Department officials in the preparation of the advice to the funder. Whilst both DfT and TfN would seek to minimise escalating

issues from the Board to funders, it should be clear how unresolved issues would be jointly escalated when required.

- 5.1.5 In the spirit of joint ownership, it would be appropriate to have Joint Chairs – one a DfT official, the other a TfN officer. Chairing of meetings should alternate between the Joint Chairs (reflecting the current arrangement for chairing Rail North partnership Board). As a jointly owned Board, meetings should alternate between DfT and TfN venues. The agenda for each meeting should be prepared and agreed by the Joint Chairs
- 5.1.6 In addition to receiving issues escalated from individual Programme Boards, each partner must have the ability to request items for inclusion on the agenda. As co-sponsors there must be regular and on-going dialogue between TfN and DfT officials over and above any discussions at Sponsor Board and with the Sponsor Board having good visibility of the issues going to Programme Board.
- 5.1.7 TfN's assumption – based on the IRP – is that there will be several programme boards operating to oversee the implementation of the IRP (including the delivery of the Trans Pennine Route Upgrade). On that basis TfN and DfT should both be members of each individual programme board (including TRU) in addition to being members of the Sponsor Board. As above, membership of the individual programme boards increases the opportunity to help resolve issues sooner and without the need for escalation to the Sponsor Board
- 5.1.8 The members of the Sponsor Board should be a limited number of representatives from TfN and DfT (suggestion 3 from both parties – which mirrors the Rail North Partnership Board). Whilst others may be invited to attend meetings of the Board (such as delivery bodies, technical advisors and other OGDs) these should be attendees (not members) of the Board
- 5.1.9 A key function of the Sponsor Board should be to agree/endorse the overall Business Case (including key outputs) for both the IRP and individual components: the Board's agreement/endorsement would be used as supporting evidence as DfT take the Business Case(s) through Government approval processes.

6. Background Papers

None.

7. Appendices

- 7.1 Appendix A – 5 horizons of delivery model

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.

Glossary of terms, abbreviations and acronyms used (<i>if applicable</i>)

5 horizons of delivery model

In developing our initial thinking on potential delivery models for NPR, we have, based on good practice, considered the model across five different levels. These are:

1. **Funder:** provides required funding to deliver the proposed scheme.
2. **Sponsorship and Strategy:** effectively the overall customer for the work. They are responsible for:
 - a. setting the objectives of what needs to be achieved (i.e. proposed outputs or outcomes)
 - b. setting of programme strategy to secure the realisation of the programme outcomes. This could involve altering or substituting projects in the programme where there is a risk to outcome delivery. Role extends beyond delivery to ensure long-term benefits realisation.
 - c. responsible for working with stakeholders to specify requirements to meet the desired outcomes and translating the requirements into deliverable projects.
 - d. the commissioning of a 'client function' to oversee delivery.
 - e. puts in place associated governance structures to oversee delivery.
 - f. A key stakeholder relationship is upwards to the funder, the sponsor reviews progress and risks to advise decision makers on the confidence they have in the projected returns.
3. **Client body(ies):** responsible for managing delivery organisations ensuring the delivery of the sponsor's requirements. Ensures that individual projects are delivered to meet the requirements, using appropriate project tracking and reporting approaches, and that projects are coordinated / aligned to deliver the agreed outcomes and benefits. Responsible for managing project integration and for the long-term tracking of benefits. The division of activities undertaken by the client body can extend beyond management depending on the scope of capabilities. This is where we might expect the challenger function to sit as part of effective oversight – challenging the delivery bodies on efficiency and pace.
4. **Delivery bodies:** responsible for procuring and delivering specific projects, on time and to agreed budgets, on behalf of the Client Body(ies).
5. **Supply chain:** responsible for delivering specific work packages for the Delivery Body.

