

Appendix 2: Draft Transport Select Committee Response

Introduction

Transport for the North (TfN) welcomes the Transport Select Committee's inquiry into the Integrated Rail Plan (IRP). This submission explains why the full Northern Powerhouse Rail and HS2 network is fundamental to delivering the step-change in connectivity required to "level up" the North and by extension the UK. It set out how the Department for Transport (DfT) and TfN worked in close collaboration to prepare credible, coherent and workable plans that would deliver that step change and thereby unleash the economic potential of the North.

Based on the information currently available it is clear to the TfN Board that the proposals published in the IRP fail to achieve the long-term step change for the rail network across the North. Nevertheless, as a potential first phase in realising our shared vision for the North, the TfN Board remains fully committed to continue to work collaboratively with Government.

Alongside this submission we will supply all of the statutory advice agreed by the TfN Board (representing the collective political and business leadership across the whole of the North of England) and submitted to Government on Northern Powerhouse Rail (NPR). In addition, we have included our advice and evidence to both the Oakervee Review and the National Infrastructure Commission for their Rail Needs Assessment.

Throughout this submission, our use of the term NPR should be taken to mean the concept (with agreed aims) as originally identified with Government and the preferred network as agreed by the TfN Board. This differs significantly from the NPR network as the term is now defined by Government in its IRP. Similarly, this submission uses the term HS2 to refer to the full western and eastern legs, reaching Manchester and Leeds as originally conceived by Government.

Background and Context

Transport for the North has worked collaboratively alongside the Department for Transport as co-clients since the inception of Northern Powerhouse Rail. In this it has been supported and advised by Network Rail and HS2 Limited throughout the development and decisions around the shared objectives for NPR and shortlisting of options. The decisions taken by the TfN Board and our co-clients have been grounded in the detail of TfN's evidence base is robust, transparent and credible.

The vision for NPR was first established in the 2015 Northern Transport Strategy (NTS) prepared jointly by Government and the then Transport for the North partnership. The NTS set out the level of connectivity required to create an interconnected, inter-dependent and more productive North. Whilst the NPR project has evolved significantly since 2015, the original shared vision for the project and the "conditional outputs" of fast and frequent services between key economic centres has been the basis for all the technical, analytical and decision making undertaken as co-client with DfT.

Being led by the evidence means that we have been clear and consistent in our advice to Government and to the earlier Oakervee Review on NPR, HS2 and other rail improvements. We have demonstrated the potential for growth and prosperity in the North, and established how business as usual infrastructure

investment will not close the economic gap or address the social and environmental challenges.

A key factor in enabling local authorities to prepare their land-use plans, and in giving confidence to private sector investors, is a clear and consistent vision as to the strategic infrastructure requirements of a region. The benefits of clarity, consistency and certainty in this regard are clearly demonstrated by investments that have taken place along the route of HS2 Phase 1.

The Economic Context

TfN's approach to strategic infrastructure planning is shaped by the recognition that investment in transport has to be considered in terms of its contribution to delivering outcomes: expressed in terms of economic, environmental and social outcomes.

The 2016, Northern Powerhouse Independent Economic Report (NPIER) was instrumental in establishing the potential for a transformed northern economy. It identified how improving transport networks is a necessary condition in order to raise productivity and deliver economic growth through agglomeration by removing physical barriers to trade and improving access to labour markets.

It established how realising the untapped potential of the North requires a transformation in infrastructure that delivers faster, more efficient, and reliable journeys. It also needs an increase in capacity to improve the resilience of the existing network and accommodate the increase in passenger, business, and freight demand that growth will bring. Furthermore, a resilient, reliable network with fast and frequent journeys is necessary to support and encourage the shift in travel choices needed to meet the requirement to achieve net zero carbon.

In this way the NPIER sets out a route whereby the North can be transformed such that in the long-term it becomes a net contributor to the UK economy.

The conclusions of the NPIER underpins the objectives of NPR with a focus on delivering outcomes designed to help address the current and likely future challenges facing the North:

- Increasing efficiency, reliability, integration, and resilience in the transport system
- Transforming economic performance
- Improving inclusivity, health, and access to opportunities for all
- Promoting and enhancing the built, historic, and natural environment.

Our work has ensured a consistent approach to developing NPR, one grounded in extending economic opportunity to all areas of the North. We have built ground-breaking tools and models that can fully reflect the wide ranging economic, social and environmental benefits arising from investment in NPR. For example, our work identified the clear benefits of integrating Bradford into the NPR network as a location in its own right, one that sits on a mainline. The TfN Board, having considered the evidence, agreed in 2017 that a new mainline between Manchester, Bradford and Leeds needed to be the foundation of the NPR network and at the heart of the integration of the North's economy.

That critical decision, formally agreed by the whole of the North, required compromise and a recognition of the wider benefits to the North and beyond of creating a new east-west link via Bradford. That position has been held consistently by the North since 2017 and is fully reflected in the statutory plan for the North, TfN's Strategic Transport Plan.

Analysis of TfN's NPR preferred network showed it will deliver an additional £14.4bn in gross value added (GVA) a year, including close to £5bn in economic benefit through increasing the agglomeration of businesses (all in 2060 prices). It would create over 129,000 new jobs across the UK, 73,000 of which will be in the North. It will unlock economic prosperity and regeneration opportunities right across the North and beyond.

As a direct result of the step-change in transport connectivity, the size of the accessible labour market across the North would increase significantly. NPR, as originally conceived, would increase the accessibility of multiple major northern cities and their higher skilled workforces. Almost 25 per cent of high-skilled workers in the North would be within 90 minutes of four or more northern cities with our preferred network. That equates to over 15 per cent more than with Transpennine Route Upgrade and HS2 alone.

The improvements realised by NPR as conceived will also contribute to the transformation in the quality of life for the residents in the North, by providing not just new jobs, but better access to a greater number of jobs, meaning people can make choices about where to live and work confident that there is a viable and sustainable travel choice available.

A Network Based Approach

Transport network performance in the North is a key constraint on economic development in the region. Ageing infrastructure, combined with lower than average investment, has left the North facing slow journeys by rail and road, insufficient capacity to accommodate further growth within the existing network, poor reliability, and bottlenecks across the rail network which drive a low frequency of rail services and affect the resilience of the network.

The practical implication of these constraints is all too visible in the poor economic performance of places across the North. As the NPIER set out so clearly, unleashing the economic potential of the North requires a network-based approach, one in which the options for individual locations are considered in an integrated way so as to ensure there is a step-change in service across the North. Such considerations are all the more relevant when if the full potential of economic initiatives, such as freeports, are to be realised. With some 25% of all freight movements either having a start or end point within the North, such considerations are of national significance.

The North has one of only three officially designated 'congested infrastructure' rail hotspots – the Castlefield corridor¹ – which faces comparable issues to some of those once faced by the Thameslink corridor. Knock-on operational delays and cancellations are felt across the North (and beyond) from this hotspot due to the fundamental mismatch between the demand for train paths and the capacity available.

Across the Pennines, notwithstanding the completion of recent investments in Leeds Station, it too remains a key bottleneck on the national rail network, one that is on a scale with the delays incurred by the constraints in the Birmingham area.

Crowding is also a feature of the North's rail network, particularly given that trains in the North have fewer carriages compared to train services across other

¹ Network Rail, Castlefield Corridor Congested Infrastructure Report, 2019 ([link](#))

parts of the UK. Despite being significantly larger markets, there are about 40% fewer seats between Manchester and Leeds than between Glasgow and Edinburgh which are separated by a similar distance².

Right across the North the evidence is clear; the key issue is the need to increase capacity – to improve resilience and to support economic growth. The North's Victorian legacy of a predominantly two-track railway – one that has to accommodate the competing and differing needs of long-distance, regional, local and freight services. In such circumstances attempts to increase the speed of some services in isolation of investment in additional capacity will result in perverse outcomes: less resilient infrastructure and less reliable services, less overall capacity.

It is through having a deep and meaningful understanding of its rail network and how it operates that Transport for the North concluded that investing in additional capacity has to be at the heart of the investment programme required to unlock the North's economic potential.

In arriving at its preferred NPR network, the TfN Board scrutinised the performance of different options. Having considered the evidence, the TfN Board concluded that its preferred network best delivers against the agreed objectives for project in support of the Political and Business leaders' ambition for the North.

Crucially, we have worked with Network Rail and others throughout the process to ensure that TfN's NPR proposals are operationally viable, deliverable and integrated with other proposals. We are yet to see comparable evidence that Government's proposals are similarly feasible. The IRP appears to fragment network enhancement rather than deliver a cohesive plan for the North and Midlands – separating East Coast Mainline improvements from other schemes and further isolating Bradford from Manchester and the North-West. Hull is omitted from the IRP altogether, despite being a fundamental part of NPR, a clear candidate for early delivery and featuring in all the scenarios put forward by the NIC. Integration appears limited to the "bolting together" of TransPennine Route Upgrade, NPR and West Yorkshire Mass Transit schemes in an attempt to deliver cost reduction but in so doing the outcome is likely to reduced capacity and slower economic growth than might otherwise be realised.

Investment in adding capacity through the construction of new lines helps minimise the lengthy disruption to the travelling public and freight services that is inevitable with rail upgrades.

Disruption should not be viewed as a temporary inconvenience on the timeline to improvements. The original proposals for upgrading the Trans-Pennine Route require extensive and prolonged blockades for several years. Whilst the expansion of the scope for the upgrade is welcomed by TfN, in the absence of the investment in an entirely new route between Manchester and Leeds, the scale and duration of the disruption to this key corridor will be extended considerably.

Unless grounded in a network-based approach the proposals set out in the IRP are likely to perpetuate the poor travel conditions already experienced in the North for longer than might otherwise have been the case. Not only is this likely to slow the realisation of 'levelling-up' across the North, it's also likely to hamper

² Transport for the North Internal Analysis

efforts to achieve the growth in sustainable travel choices necessary to achieve the legal requirements on net-zero carbon.

TfN accepts that there is a need, following the pandemic, to ensure that the finances of the rail sector are on a sustainable footing. However, in looking to the future it is essential to ensure that decisions are based on an understanding of the changes that have taken place in the rail market.

Prior to the recent impact of the Omicron variant, Northern had seen revenue at 95% of pre-COVID levels and demand for some periods at 85%. TransPennine Express has indicated that leisure travel had been at 89% of pre-COVID levels. The evidence is clear: recovery of the rail market in the North has been consistently stronger and faster than the picture presented by national figures and that needs to shape the allocation of future investment.

Passenger growth in the North has been stronger than the national average and much stronger than in traditional rail markets serving London and the South-East. This is in part a consequence of the North having a lower proportion of its population who are able to work from home (per Centre for Cities analysis³). In parallel, demand for rail freight paths has also recovered across the North, in many cases back to 100%+ of pre-pandemic levels.

If one follows the evidence and adopts a market-led approach, then it is clear that the challenges facing the North's rail network pre-pandemic have returned faster than elsewhere. The case for the making the step change in capacity envisaged by NPR, and as set out by Transport for the North, remains robust.

Decision making and the implications for "levelling up"

The Integrated Rail Plan as published does not quantify the benefits of its proposals and the technical evidence underpinning the decisions made therein continues to be unavailable for review. But what is clear is that the IRP has unilaterally changed the policy context.

Over the past 5 years, TfN and the DfT had progressed the development of NPR proposals based on underpinning efforts to "level up" the North. We had shared objectives and agreed with the aspirational journey times and train frequencies set out in the 2015 Northern Transport Strategy and the One North report⁴ described as necessary to transform the economic performance of the North. That broad-based thinking was also reflected in the approach to the Rail Needs Assessment undertaken in 2020.

The published IRP appears to have moved away from an approach focused on how to "level up" communities across the North to one wherein decisions on the future of UK infrastructure based simply on affordability and benefit cost ratios. The version of NPR as presented in the Integrated Rail Plan favours investment in the most productive parts of the North. This runs counter to the stated ambition of Government to "level up" areas and risks a second east-west divide in prosperity and productivity.

The TfN Board has consistently set out the importance of having a financial envelope within which it is required to prepare its advice to Government on

³ Centre for Cities, How will Coronavirus affect jobs in different parts of the country? ([link](#))

⁴ Department for Transport and Transport for the North, *The Northern Powerhouse: One Agenda, One Economy, One North*, 2015 ([link](#)).

investment priorities. As experienced Political and Business leaders the Board members are acutely aware of the need to consider issues of affordability.

The TfN Board has consistently made the point that to have a funding envelope would have enabled mature conversations at the Board and more robust advice to Government.

And yet despite being part of a co-clienting arrangement on Northern Powerhouse Rail, at no point was the Board made aware of an affordability constraint being set for NPR.

Only during the Rail Needs Assessment process did issues around affordability begin to emerge. The TfN Board warned Government in the summer of 2020 that setting the National Infrastructure Commission a constrained funding envelope for rail investment (and not specifying how budgets would be allocated) would inevitably lead to the Rail Needs Assessment becoming about rationing of investment and not about how to best to integrate NPR and HS2.

And so it proved, with the rising costs of HS2 to Birmingham reducing the available budget for HS2 Phase 2b and NPR. This meant that the Commission's wide ranging and comprehensive assessment was compromised in the options it was able to present to Government.

It is a concern of the TfN Board that a similar situation may arise with the IRP as published: in particular there is a concern that cost variations on initial elements of the IRP may result in latter elements being reduced in scope or even potentially deferred: such an approach is not consistent with adopting a network-based approach.

Notwithstanding the absence of a funding envelope being provided by Government, the TfN Board developed a series of network options which sought to deliver the most against the objectives while still representing value for money. This required the TfN Board to make compromises as it actively sought to reduce costs in order to secure benefits for the wider North (for example removing expensive additional changes to the HS2 Eastern leg that would have enabled NPR services from Sheffield to be routed through Leeds instead of terminating at the HS2 station, or ruling out new line options between Manchester and Sheffield, as well as Leeds and Newcastle).

TfN has consistently used the accumulated experience and knowledge within its NPR team to continually challenge the rail industry's costs in a way that has not been the case on rail projects.

Our rigorous focus on costs has already secured a £4bn cost reduction on Network Rail's initial assured costs. These are real savings, not theoretical ones, and the £4 billion cost reduction has already been accepted by Network Rail and the DfT. A further c.£5bn of reductions on TfN's preferred network has also been identified and had been under review in parallel to the preparation of the IRP.

TfN's approach has demonstrated the added value of having an experienced and knowledgeable co-client, one who is one-step removed from the day-to-day workings of the rail industry. To deliver the greatest benefits to communities in the North, it is vital that we and Government continue to work together to challenge the industry and drive down costs. The TfN Board sees this as a way of not only achieving better value for money for the taxpayer but as a means of

enabling the funding identified for the North being able to fund more delivery on the ground.

This Government set out that it “wants to deliver an infrastructure revolution: a radical improvement in the quality of the UK’s infrastructure to help level up the country... and put the UK on the path to net zero emissions by 2050.”⁵ We are agreed on the need to achieve a step change in rail to deliver economic, environmental and social policy aims. We are also committed to making sure we use this investment opportunity to improve the way we plan, develop and deliver major infrastructure projects.

It is imperative that rail infrastructure improvements take a network approach that addresses economic imbalance across the North. The timetable fiasco of 2018 highlighted the vulnerability of rail networks in the North to disruption and poor planning. Our subsequent work as a partner in the Manchester Recovery Task Force has served to emphasise the importance of understanding the operational implications of decisions on infrastructure investment.

We have yet to see the evidence that can reassure the North’s residents and businesses that the proposals in the IRP result in an operational network with sufficient capacity to deliver the reliable and resilient network necessary for economic transformation and modal shift.

The Way Forward

Despite the disappointment and on-going concerns raised by the publication of the IRP, the TfN Board has been unanimous in seeking a constructive way forward whilst being clear about the economic and environmental implications of the Government’s plan.

The TfN Board’s statutory advice to Government in its initial response to the IRP focused on the need to achieve a step change in rail to achieve better outcomes for passengers and freight, and to facilitate economic transformation. As well as the limitations of trying to upgrade the existing network, our collective experience suggests that upgrades often underestimate the time required and cost of the works. It is worth reflecting on the lessons learnt from WCML upgrade after which the rail sector concluded that it shouldn’t attempt open heart surgery whilst try to keep the trains running.

Given the recovery in rail demand seen in the North, it is clear that the challenges which led the TfN Board to conclude their preferred NPR network as being the one required are already back with us. the No’th’s rail network will quickly return to the issues of constraints on capacity, unreliable services and a network that lacks operational resilience.

The speeds that can be achieved by rail services are a key attractor when making travel choices. However, the North’s rail network – even with the investment set out in the IRP – will remain inherently a two-track, piece of Victorian infrastructure. Add in the complexity of trying to manage the differing requirements of long-distance, regional, local and freight services and it is likely that the IRP’s focus on upgrading existing rail corridors, is unlikely to realise the step change in connectivity identified by NPIER.

⁵ HM Treasury, National Infrastructure Strategy, 2020. ([link](#))

TfN's work to develop a ground-breaking regional decarbonisation strategy has served to identify the criticality of providing additional rail capacity to meet the legal obligations on the UK in terms of net-zero.

Our initial statutory advice in response to the publication of the IRP sets out the very clear next steps:

- The TfN Board wants to work with Government to explore how future phases of NPR can be brought forward and key elements of the NPR preferred network brought back into consideration. The TfN Board is willing to look at local contributions, if required, to unlock the full potential of NPR.
- If we are to achieve policy outcomes that are place based and user-centred, then we have to ensure that the welcome changes in the Green Book translate into better decision making on public sector investment. The IRP is a significant backwards step in the quality and over-centralisation of decision making. We want to work with Government on the approach to decision making using the advanced analytical capability which has been funded by DfT and has much wider application for other STBs and LTAs.
- Thirdly, the critical importance of Government defining a funding envelope for the North, ideally across transport modes and multiple spending review periods in line with the National Infrastructure Plan. Our statutory advice on investment options for Government, as well as the new Strategic Transport Plan would be significantly more effective with the clarity of a defined budget.

We look forward to discussing the IRP further with the Committee in February.

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