



Department
for Transport

From the Secretary of State
The Rt. Hon. Grant Shapps

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Martin Tugwell
Chief Executive
Transport for the North
4 Piccadilly Place
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14 February 2022

Dear Martin,

Transport for the North's (TfN) Funding Allocation 2022/23

As outlined at our meeting on 9 February, I am writing to confirm TfN's funding allocation for the next financial year.

The Department remains committed to Subnational Transport Bodies (STBs) and I recognise the role they can play in supporting both local and national government. As my officials have stated previously, STB funding is considered in totality. The Department is keen to grow the capabilities of smaller, less developed STBs to ensure all areas of the country benefit from the strategic capabilities that TfN provides to the north.

In addition, as I am sure you will appreciate, we are all operating in a demanding fiscal environment. Over the coming months and years, it is incumbent upon all public sector organisations to ensure that activities are driving value for money and maximising the efficiency of taxpayer money.

Increasing on the level of support provided by the Department in the previous financial year, £6.5m in core funding has been allocated for 2022/23. This will ensure TfN has the necessary funding to fulfil its statutory functions, including preparing a Strategic Transport Plan for the north of England and providing my Department with advice on your transport priorities. This funding will also enable you to fulfil your new role as co-sponsor of the NPR programme, which my officials advise should cost approximately £400k.

An additional £1.5m is being provided this financial year to the Technical Assurance, Modelling and Economics (TAME) team, to support the finalisation of the Northern Powerhouse Rail (NPR) Strategic Outline Business Case (SOBC) and wider analytical work for the next steps of the Integrated Rail Plan (IRP).

My officials will continue their discussions with your officers on the external procurement required to deliver these outputs. In addition, the Department agrees to meet any unexpected winddown costs as you move from co-client to co-sponsorship of the NPR programme.

The Department will also continue to provide support to the Rail North Partnership and will inform you once the level of funding is finalised.

Grant determination letters will be sent to TfN at the appropriate time, outlining governance arrangements for funding.

In order for TfN to operate within this envelope, the organisation will need to identify appropriate savings and efficiencies. I strongly urge TfN to focus on its statutory functions, to carefully consider what activities provide the clearest additional value and benefit to the north of England, and to prioritise your business plan accordingly.

The Department is particularly keen for TfN to focus on development of the revised Strategic Transport Plan for the North, and to focus activity on supporting key Departmental priorities, such as decarbonisation and helping to build local authority capability. Future years funding will be adjusted appropriately depending on TfN's performance in the coming financial year.

I hope that this letter provides the clarity necessary for you to complete a business plan in advance of the 2022/23 financial year. Please continue to liaise with officials from the Regions, Cities and Devolution directorate as you navigate the business planning process.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Grant Shapps', written in a cursive style.

Rt Hon Grant Shapps MP

SECRETARY OF STATE FOR TRANSPORT