
Meeting: Transport for the North Board
Subject: Integrated Rail Plan: TfN Co-Sponsorship.
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Sponsor: Martin Tugwell, Chief Executive
Meeting Date: Wednesday 30 March 2022

1. Purpose of the Report:

- 1.1 Following the publication of the Integrated Rail Plan (IRP) in November, DfT communicated a number of changes to the governance and working arrangements for the delivery of Northern Powerhouse Rail (NPR). These changes comprise:
- a) The transfer of the NPR programme to DfT from the existing co-cliented programme arrangements hosted by TfN.
 - b) A new set of arrangements for co-sponsorship of NPR through a new joint Sponsor Board and a TfN NPR sponsorship function as part of the Executive.
 - c) TfN will continue to provide analytical services to the NPR programme and wider IRP related activity and support the co-sponsorship of NPR.
- 1.2 This paper presents the new arrangements to Board and seeks approval for TfN activities in relation to NPR from the new financial year 2022/23.

2. Recommendations:

- 2.1 Members are asked to **agree** the co-sponsorship arrangements (Section 4) and **agree** the key priorities for TfN in 2022/23 as outlined in Section 6.
- 2.2 Members are asked to **note** the arrangements being agreed for continued analytical support to be provided by TfN to the NPR Programme.

3. Main Issues:

- 3.1 Following the publication of the Integrated Rail Plan, DfT confirmed that the NPR programme will transfer to DfT from the 31 March 2022. This will see the TUPE transfer 17 posts to the DfT from 1 April 2022.
- 3.2 The Government has also set out the continued need for TfN to play an active role in the development of NPR and associated schemes through a new joint sponsor board. The Secretary of State in the TfN funding letter confirmed his intention to fund TfN in order to fulfil the co-sponsorship function and also provide funding for TfN to continue to provide analytical services to DfT. Discussions with DfT officials on the technical detail have resulted in the proposals covered in this paper in Section 4.
- 3.3 Additionally, the TfN Executive have continued to undertake an assessment of the IRP as directed by the Board in November 2021. Following the publication of the technical annex in January 2022, officers have undertaken further assessment of the implications for the economy, environment, freight and local economic plans.
- 3.4 It is clear that the level of connectivity offered by the IRP proposals fall short of the connectivity, capacity and reliability offered by the combined HS2/NPR solution put forward by this Board. The technical annex to the IRP published by DfT in January confirms that of the options considered in the IRP, the TfN

preferred network would have delivered the highest level of performance and capacity but was not considered affordable by government.

- 3.5 Based on the initial technical work undertaken by TfN as part of the business case for NPR, we would fully expect that the wider economic value including land value uplift to significantly higher than under the more limited proposals in the IRP. TfN's role as co-sponsor offers it the opportunity to ensure such considerations are included in the development of the detailed proposals required to secure formal Treasury approval for investment. It also offers TfN the opportunity to work with the DfT to identify further opportunities that may be considered as part of the 'adaptive pipeline' approach.

4. Co-sponsorship arrangements:

- 4.1 DfT has presented proposals for how TfN will transition to programme 'co-sponsor' for NPR, continuing to provide strategic advice and direction to the programme in line with its core statutory function as set out in the Sub-National Transport Body (Transport for the North) Regulations 2018. The co-sponsor role will feature a new joint sponsor Board being created for NPR with the following objectives:
- a) Monitor whether the strategic objectives for the NPR programme are being met and advise where there is a need for change.
 - b) Provide advice to the Department in respect of progress in delivering the overall programme.
 - c) Provide comment on the NPR Strategic Outline Business Case (SOBC) and advise whether the strategic objectives are being met.
 - d) Engage with, and provide, advice to other major transport project sponsor boards (or equivalent) in order to support delivery of a whole-network approach.

The terms of reference are attached at Appendix 1.

- 4.2 The co-Sponsor Board is expected to meet on a quarterly basis. As with the current Rail North Partnership arrangements, officers will represent the interests of the TfN Board on the joint Sponsor Board itself. New arrangements for engagement with partner authorities will be required to replace the existing NPR engagement activity and TfN will put arrangements in place to enable officers from the Executive to seek member and officer input on key issues, along the lines of the existing Rail North Committee arrangements. The Department has said that it will continue with wider engagement with local authorities including through local and station boards.
- 4.3 In addition, it is clear that TfN will have a key role to play with each of the individual Programme Boards taking forward elements of IRP. In this the Department is looking to TfN to work with local partners to ensure there is a strong dialogue with partners as work on individual elements is taken forward. The need to make provision for this role liaising with local partners is being included as part of TfN's Business Planning process. The TfN Executive is mindful of the importance attached by local partners to the level of engagement that has been a feature of the work on NPR to date.
- 4.4 The Sponsor Board will not have decision making powers, but its role will be to challenge programme delivery and provide advice to the Secretary of State as the funder of NPR. Where TfN's view differs from that of the Department, the Northern view will be reflected in the Department's advice to Ministers. In addition to being able to feed into the Department's advice TfN will continue to have the ability to submit statutory advice to Government out with the Sponsor Board arrangement. The Board will thus continue to have a way of communicating its views with one voice directly to Ministers.

- 4.5 The Terms of Reference for the Sponsor Board will be underpinned by a Sponsorship Agreement, to be drafted and agreed by the co-sponsors to replace the NPR DfT/TfN Memorandum of Understanding (MoU). TfN will, through the business planning process, create a small sponsorship team to manage TfN's input into the programme, coordinate sponsorship activity, engage with individual Programme Boards and undertake engagement with partners in advance of the Sponsor Board. These arrangements will also need to be integrated with the new TRU stakeholder forum which TfN will chair, as well as the wider TfN governance mechanisms for officer and member engagement.
- 4.6 The co-sponsor proposals do offer the potential for a meaningful support and challenge role for TfN moving forward. In particular:
- a) The key role of the Sponsor Board in reviewing progress against the agreed objectives of NPR, as well as the input to the business case, will allow TfN to continue to challenge NPR to be planned, agreed and delivered in a manner that maximises the social, economic and decarbonisation.
 - b) TfN will be responsible for consolidating feedback from TfN partner organisations on issues being considered by the Sponsor Board. So, we will continue to speak clearly with one voice on behalf of the North.
 - c) Our unique skills and capabilities that have helped NPR develop into clear set of evidence-based proposals will continue to be deployed in support of NPR and wider scheme development.
 - d) Statutory advice and our core statutory functions will continue and provide a back stop level of independent advice to Government outside of the formal governance process.
- 4.7 These arrangements offer a clear opportunity now to influence and support the next stages of development, accelerate delivery of committed investment within NPR and the IRP and ensure that investment in rail is integrated into the wider plans within the north for modernising and decarbonising our transport system. We therefore recommend the Board agree these proposals.

5. Provision of analytical services to the NPR programme:

- 5.1 Instead of TUPE transferring the analytical staff (circa 24 FTE posts) currently supporting the NPR programme, the funding letter from the Secretary of State provides additional funding to TfN for the provision of analytical services in support of the NPR programme, the development of the business case and related IRP studies. The process through which services will be funded, managed and delivered is being finalised so as to be in place from the start of the new financial year. The NPR analytical services funding will be ringfenced (i.e. sits outside of TfN's core funding and regarded as a separate service to DfT) and the work programme will require additional management, assurance and additional governance arrangements to be established. We have been clear that we are providing an analytical service to DfT who will specify what is required via an agreed service level agreement, and we are not supplying evidence as TfN.
- 5.2 Providing analytical support using TfN's unique analytical capabilities will ensure that the NPR business case can fully reflect the wider social, environmental and economic benefits of NPR interventions, as well as ensuring consistency with wider TfN work on the Strategic Transport Plan (STP) and long-term rail strategy, as well as the proposed IRP studies and in support of the sponsorship function.

6. Next steps – future TfN activities:

- 6.1 The Board has been clear as to the critical need to transform the North's rail system as a foundation for realising the potential identified in the Independent Economic Review. Through the sponsorship arrangements TfN has the opportunity to work with Government to ensure that the current commitments to

parts of the NPR network are delivered as quickly as possible thereby enabling the benefits for residents and businesses to be realised. In doing those activities, we will build on the expertise, credibility and local knowledge of the Executive and Board to maximise the value of TfN to Government.

- 6.2 The sponsorship arrangements also allow TfN the opportunity to work with Government to identify additional investment for consideration as part of the 'adaptive pipeline'.
- 6.3 This should include the future phases of NPR to deliver a coherent North network, developing affordable and deliverable plans for getting HS2 services to serve Leeds, and wider enhancements including electrification of the network and freight capacity through the Rail Network Enhancements Pipeline (RNEP). TfN will:
- a) Both as statutory body and co-sponsor of NPR, continue to set out the case for the long-term ambition for the preferred NPR and HS2 network in support of realising the potential identified in the Independent Economic Review, thereby delivering wider outcomes for the whole of the North and the UK.
 - b) Continue to provide constructive challenge on design, cost and integration issues, building on the capability already demonstrated by TfN. This will include continuing to challenge costs and scope in NPR phase 1, underpinned by the principle that savings identified within NPR are retained for additional investment within the North.
 - c) Work closely with Network Rail to enhance existing proposals and bring forward new schemes for consideration, both through the individual Programmes Boards and our role in the North of England Programme Board.
 - d) In the new STP currently being scoped, set out a clear vision of the North's preferred end state and outcomes for rail, as well as working with Network Rail on immediate priority areas for investment, including unresolved NPR corridors and key network pinch points, including long term strategic planning for Manchester and Leeds hubs.
 - e) Through TfN statutory advice, continuing to re-state the strategic case for a fully integrated transformational, decarbonised and integrated rail network.
- 6.4 The TfN Executive is continuing to explore opportunities to enhance or add to the agreed investments in NPR Phase 1, either through local contributions or private sector led investment. In this we are working with the Northern Powerhouse Partnership and the working group established to support that activity. We have held positive discussions with DfT and are exploring a number of areas jointly and will report back on progress at the June Board meeting.
- 6.5 It is envisaged that TfN's role in supporting partners and local authorities to realise the full potential of rail investment for places and communities represents an opportunity to apply the principles of the Levelling Up White Paper. We see this as a key role for the sponsorship function, both through governance and in active partnerships with LTAs, building on our work with Bradford on the new station proposals and opportunities for regeneration.
- 6.6 As co-sponsor of NPR, TfN has the opportunity of working with DfT to ensure that investment decisions within Government fully reflect the wider economic benefits. This is where TfN's industry leading analytics can continue to support NPR development and help accelerate the implementation of the new Green Book approach. As a starting point, TfN will work with Government to ensure that the levelling up assessment of the IRP forms part of the business case for NPR.

7. Corporate Considerations

7.1 Financial Implications

The wide-ranging changes outlined in this report have significant financial implications. These are being evaluated through the business planning process and the financial impact will be summarised in the forthcoming budget for 2022/23.

7.2 Resource Implications

In summary 17 FTE posts will TUPE transfer to DfT as a result of the transfer of the NPR Programme, with a further 24 FTE posts ringfenced to deliver dedicated analytical services to DfT from FY2022/23. Therefore, to date TfN's core people establishment has reduced by a total of 41 FTE (circa 30%) as a direct consequence of the IRP.

Further workforce reductions (redundancies) are considered likely as a result of changes to working practices aligned to the IRP. Any such changes will be identified through TfN's on-going business planning process.

7.3 Legal Implications

The legal implications are covered within this report.

7.4 Risk Management and Key Issues

Risks are currently being assessed in relation to co-sponsorship.

7.5 Environmental Implications

All proposed infrastructure developments, included within the IRP, will be subject to screening for the need for EIA by the relevant development authority as part of the design development and consenting process.

7.6 Equality and Diversity

An impact assessment is not required as the report provides an update on the TfN's role in relation to NPR and IRP. Maintaining and improving access to public transport, including rail, is key to addressing existing Transport Related Social Exclusion in the North. Rail remains an essential service for many who experience TRSE.

7.7 Consultations

A consultation has not been undertaken at this stage.

8. Background Papers

8.1 None

9. Appendices

9.1 DfT proposals for NPR Sponsor Board Terms of Reference

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) NPR | Northern Powerhouse Rail |
| b) DfT | Department for Transport |
| c) NR | Northern Rail |
| d) NTAC | Northern Transport Acceleration Council |
| e) IRP | Integrated Rail Plan |

Appendix 1:

Terms of Reference: Northern Powerhouse Rail (NPR) Co-sponsors' Board (Draft)

1. Purpose

1. The purpose of the co-Sponsors' Board is to advise on the delivery of Northern Powerhouse Rail so that it is delivered in a timely and cost-efficient manner.
2. The Board shall ensure that the strategic objectives for the NPR programme are realised through the work of the programme board(s) tasked with delivering individual elements of that programme.
3. The Board shall review and deliberate on issues that have either been escalated by individual programme board(s) and/or raised for consideration by either of the co-sponsors.
4. The Department may ask the Board to provide advice in respect of any aspect of the NPR programme as they may determine. Where that advice is provided by the Board, the funder shall take it into consideration in determining the way forward.
5. The Board may consider, where appropriate, how the strategic objectives for the NPR programme need to influence and shape the development of other major transport projects.

2. Objectives

The co-Sponsors Board will:

- a. Monitor whether the strategic objectives for the NPR programme Board are being met through the work of the individual programme board(s).
- b. Advise the Department where there is a need for change to the strategic objectives and provide advice on the nature of the change required.
- c. Where the Department determines the need for a change in the strategic objectives, the Sponsor Board will advise how it can be incorporated in the work of individual programme board(s).
- d. Provide advice to the Department in respect of progress in delivering the overall programme.
- e. Provide comment on the NPR Strategic Outline Business Case (SOBC) and advise whether the strategic objectives are being met.
- f. Engage with, and provide, advice to other major transport project sponsor boards (or equivalent) in order to support delivery of a whole-network approach.

3. Membership

1. The partners comprising the Board shall be the Department for Transport (the funder) and Transport for the North (the Sub-national Transport Body).
2. Both partners shall nominate three representatives who shall comprise the Sponsors' Board. Representatives shall be officials employed by the two organisations.
3. Representatives from other bodies may be invited to attend meetings of the Board in order to support its work: invitations may be extended to delivery bodies, specialist technical advisors and/or representatives from other Governmental Departments.

4. Ways of Working

1. The Board will support delivery of the overall programme by providing critical, constructive challenge that ensures delivery is timely, cost-efficient, and effective.
2. The Board will have visibility of the progress with the development and implementation of individual elements of the overall programme: processes will be agreed to enable the sharing of information between the Sponsors' Board members to ensure members are fully informed.
3. The Board shall prepare its advice having given due consideration to all the information placed before it.
4. The Board shall in its advice to the Department, set out where there is agreement on the issue(s) considered. Where there is not agreement, the Board's advice shall set this out to the Department, including the reasons why agreement has not been possible.
5. The primary output of the Sponsor Board will be a formal record of deliberations.
6. Membership of the co-Sponsors' Board does not limit either partner from discharging their duties.

5. Organisation and Administration

1. The co-Sponsors' Board will be chaired by the Department for Transport.
2. Meetings of the co-Sponsors' Board will be held quarterly. Both partners commit to an on-going and open dialogue between meetings of the Board.
3. The agenda for each meeting of the Board will be jointly agreed by the parties.
4. The secretariat for the co-Sponsors' Board shall be provided by the Department for Transport.
5. Meetings of the co-Sponsors' Board will be held on a rotational basis between Department of Transport (London/Birmingham/Leeds) and Transport for the North (Manchester).
6. Papers prepared for the co-Sponsors' Board will not be public documents on the basis that the Board's role is to advise on the development of proposals that will in due course be the subject of public consideration.
7. A note of the discussions held by the co-Sponsors' Board will be maintained by the secretariat: a draft note will be circulated 10 working days after each meeting of the Board for agreement.
8. These Terms of Reference will be kept under review, and where necessary and agreed by both partners, will be updated in order to ensure the Board delivers added value in support of delivery of the overall programme.