

Transport for the North Board

Subject: Strategic Development Corridors (SDC) Phase 2, Investment Programme - Qualitative Sequencing

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1. Purpose of the Report

1.1 This report seeks endorsement of the Transport for the North Board on the qualitative sequencing of the Investment Programme.

2. Executive Summary:

- 2.1 The primary purpose of the sequencing work is to make the case for a pipeline of schemes to bring through the development stages, so that they are ready for delivery in the period 2027-2033. The qualitative sequencing was considered at the 11 June TfN Board.
- 2.2 The TfN Investment programme identified around £29Bn of investment, over and above schemes already in an existing programme, such as HS2, Northern Powerhouse Rail or existing road and rail investment pipelines. The initial investment programme was set out in four tables, with the fourth table containing projects starting in 2027 and beyond.
- 2.3 The sequencing has developed three distinct options for the investment programme for 2027-2033. The investment programme options have been developed in consultation with TfN Partners. This included an appraisal of the need for earlier delivery, alignment with TfN objectives, a technical assessment of deliverability and affordability. Deliverability has included consideration of technical challenges, external influences and interdependencies with other schemes. The three strategies are summarised below:
- a) Strategy 1 (S1) – More funding (£11.2bn) and more public transport focussed, resulting in a significantly more rail focussed investment programme.
 - b) Strategy 2 (S2) – More funding (£9.8bn)
 - c) Strategy 3 (S3 BAU) – Business-As-Usual (£6bn)
- All S3 schemes are also in the delivery period (2027-2033) in S1 & S2; and therefore, this points to the most immediate list of schemes for development funding.

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- 2.4 S1, S2 and S3 are options rather than choices, and the funding for each is over and above the funding needed to deliver High Speed North and the Strategic Road Study Schemes. The amount of funding required doesn't increase the overall investment programme, rather it allows acceleration of the programme. As future policy priorities and availability of funding are unknown at this stage, the options allow a flexible and agile approach to be maintained.
- 2.5 Following endorsement of the 'qualitatively' updated investment programme the next phase of work will quantify the expected economic, social and environmental benefits arising from each of the three investment options (S1-S3), using TfN's suite of transport and economic models. Given the natural uncertainty about future transport demand, the benefits generated will be tested against four credible yet substantially different future travel scenarios. This will lead to a final refined version of the sequenced Investment programme for approval in Spring 2022.

3. Background:

- 3.1 TfN commissioned a consultancy team led by WSP, in partnership with Steer Group and Costain to support work on the qualitative sequencing. Key elements of the commission which have informed the sequencing are:
- a) A review and update of the list of transport schemes
 - b) A review and update of schemes cost assumptions
 - c) Identification of technical, environmental and other challenges impacting on scheme deliverability
 - d) An economic and social impacts evidence base and narrative which has helped support the sequencing decisions
 - e) The development and application of a sequencing framework to develop three qualitatively sequenced options for the investment programme.
 - f) In collaboration with TfN, TfN partners and industry experts the development of four future travel scenarios, to be used for the quantitative benefits analysis of the Investment Programme.
- 3.2 Governance of the Qualitative Sequencing has been via the Strategic Oversight Group acting as the Project Board, with reporting to Executive Board and TfN Board at key decision points.
- 3.3 Individual Interventions were assessed and rated using the agreed criteria and assessment principles in the sequencing framework. The approach is summarised in further detail in the Qualitative Sequencing Report, attached as appendix 1.

Core outputs from the SDC2 qualitative sequencing are:

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- a) Update of the TfN evidence base from the initial SDC work, which has led to the removal of some schemes from the investment programme, listed in Appendix 1, paragraph 4;
 - b) Review and update assumptions on the Reference Case¹ schemes;
 - c) Split the Investment programme Table 4 into two time periods, 2027-2033 and post 2033 (updated tables attached at Appendix 4).
- 3.4 The sequencing has been developed in parallel with and is aligned with work on TfN's Assurance Framework. A report on the Assurance Framework is scheduled to be presented to TfN Board in July.
- 3.5 TfN partners have been engaged in the work from the outset, providing detailed comments and feedback on the products detailed in point 3.1 and in February 2020 they participated in an in-depth review of the initial investment programme sequencing options.
- 3.6 At a programme-level the qualitative sequencing has applied three distinct investment strategies in developing the Investment Programme options. These are:

Strategy 1 (S1)

Strategy 1 the highest overall level of investment with a higher level of earlier investment in rail and public transport schemes over the period up to 2033. S1 can be characterised as a more ambitious programme of rail delivery, building upon planned HS2 and NPR programmes to support an accelerated approach to achieving modal shift to public transport. S1 assumes there will be an opportunity to re-think how value for money assessments are determined and that rail schemes can be brought forward for delivery more quickly in the future. As a result this strategy has £7.24bn in rail and £3.86bn in roads (£3Bn on the Strategic Road Network, £0.86Bn on the Local Authority managed Major Road Network)

Strategy 2 (S2)

Strategy 2 assumes that during the period up to 2033 in addition to major rail investment through HS2 and NPR there is a need for further significant investment in improving road connectivity. S2 assumes continuation of a more traditional approach to determining value for money and accessing funding for transport schemes. Given the weighting in RIS2 to schemes in the south this strategy assumes a higher level of spending in the north in successive 'RIS' periods. As such this means £2.47bn on rail in addition to HS2 and NPR spend and £8.16bn on road.

¹ For the SDC work Reference Case schemes includes both committed schemes and non-committed strategic interventions (e.g. Northern Powerhouse Rail and the Trans Pennine Tunnel) that can be reasonably expected to be delivered in the medium and long term.

Strategy 3 (S3 BAU) – Business-As-Usual

Strategy 3 assumes more constrained levels of funding in addition to major investment through HS2 and NPR and the continuation of a more traditional approach to determining value for money and accessing funding for transport schemes. This has a split of £3.67Bn road / £2.29bn rail and in addition to the cost of HS2 and NPR.

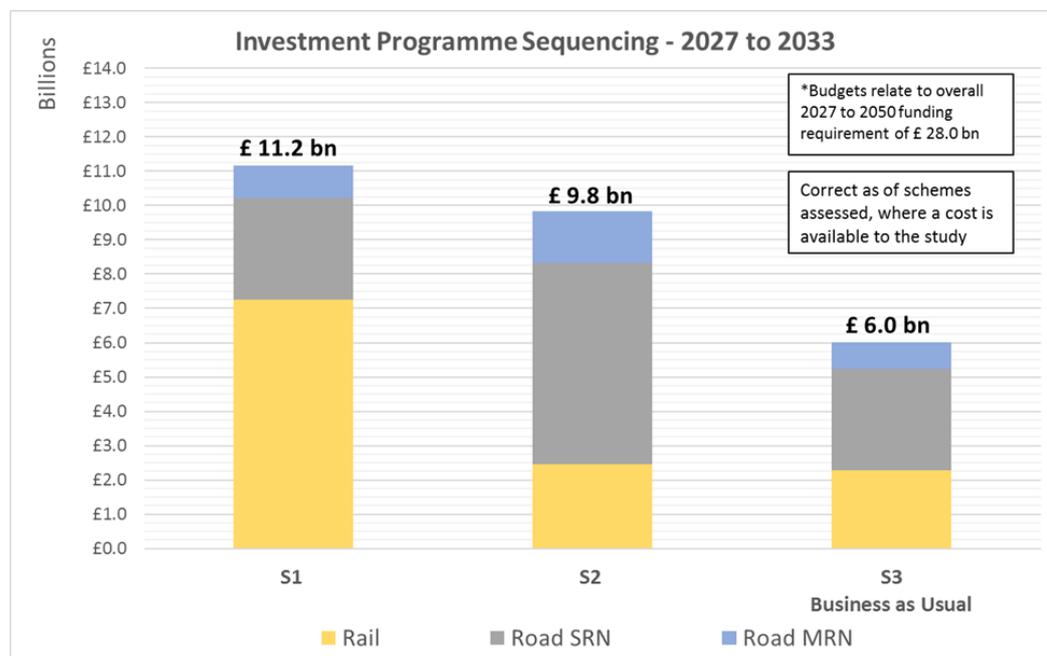
Funding assumptions in all three options are in addition to an estimated range of £18-£20 billion on Reference Case schemes over the same period (2027-33), for example investment in completing the A66 dualling, in HS2 and Northern Powerhouse Rail.

- 3.7 Strategies S1 & S2 build on the S3 BAU programme. Appendix 4 lists schemes in the three investment strategies.
- 3.8 In identifying three Investment programme options at this stage TfN is taking an agile approach to dealing with uncertainty in future policy priorities and in how best to support the movement of people and goods in the future. Evidence from the quantitative benefits analysis will support TfN in making informed choices on where to prioritise investment in bringing forward the 2027-2033 pipeline of schemes.
- 3.9 TfN has taken the view in developing and sequencing the Investment Programme that to deliver transformational benefits we need a programme wide approach, recognising that many schemes deliver benefits over a wide pan-northern geography. Examples include rail capacity and reliability improvements, in Manchester, Leeds, on the West Coast Mainline and other pinch points across the Rail network. And on the highway network include building capacity and resilience into East – West road connections and improved access to Northern Ports.
- 3.8 The three investment options will be used as the starting point for the quantitative benefits analysis work, alongside four distinct (demand-side) future travel scenarios. In adopting this approach TfN aims to develop a 'route map' for transport investment which fully supports and actively works towards the decarbonisation of transport, recognising that our road and rail networks are both critical to delivering an integrated, reliable and sustainable transport system. For example, the road network is essential for the efficient transportation of freight accounting for 90% of modal share.
- 3.9 The analysis of the three investment strategies will include an assessment of what packages of policies and investment measures are needed to meet commitments for decarbonisation of transport. For example, a shift to active travel for shorter journeys, a greater uptake of public transport and the decarbonisation of motorised transport through an increased use of electric / hydrogen vehicles. Also, the impact of future trends in how freight is moved within and through the North. TfN's analytical work will also recognise the diverse nature of

the North and the different transport needs of urban and rural areas.

- 3.10 The DfT has commenced consultation on the Transport Decarbonisation Plan (TDP) and will towards the end of this year set out the policies and plans needed to tackle transport emissions. As part of this plan the role, usage and travel patterns of roads will change from today, as part of a more sustainable and integrated transport offer. TfN's work on Investment Programme will take account of national and local decarbonisation policy drivers.
- 3.11 The updated SDC2 Strategic Outline Programme (SOP) is estimated to cost circa £28.0 billion, or c.£1.2 billion per annum 2027 - 2050, which assuming an evenly distributed level of spend would equate to c.£7.3 billion for the period 2027-2033. This is in addition to an estimated range of £18-£20 billion on Reference Case schemes over the same period (2027-33), principally on High Speed North.
- 3.12 The level of funding required for each of the three investment strategies, over the period 2027-2033, split by rail, Road SRN, Road MRN is presented in figure 1 below.

Figure 1 – Programme level estimate of financial cost of the SDC2 SOP programmes 2027-2033, based on today's prices.



- 3.13 It is important to note that costs shown in figure 1 are based on high level estimates and exclude costs for a small proportion of the schemes where estimates are yet to be determined due to limited detail on scope, for example a number of schemes in the RIS3 programme.

4. Future Travel Scenarios

- 4.1 TfN will use future travel scenarios to assess the delivery strategies and in doing so build a strong evidence base which can be used to influence policy decisions and inform investment choices. This evidence will be used to validate the recommended investment programme and to demonstrate the potential impacts of societal changes and policy choices outside of TfN's direct areas of influence. For example how decisions on land use planning, how people pay for transport and on increasing use of digital connectivity might impact on transport and on achieving the North's ambitions for inclusive and sustainable growth.
- 4.2 To align with TfN's policy positions, and make use of improvements to the Analytical Framework, we have refreshed TfN's previous Future Travel Scenarios to consider a broader range of drivers of change, including national and local sustainability, technology change and uptake; social behavioural change; and spatial planning policy.
- 4.3 Whilst these scenarios are focussed on the longer-term, we are cognisant of the fact that current global challenges to tackle Covid-19 are creating significant additional uncertainty by changing the way we move and more fundamentally what society may deem as important in the future.
- 4.4 The impact of the pandemic has demonstrated the importance of tools which allow for an effective assessment of what these trend changes may mean. We believe that the scenarios as developed pre-crisis still represent a range of plausible longer-term futures, but we will address this issue as we finalise the detail to ensure that we have a clear story about how each future is arrived at from our current circumstances. This will include a view on the short- and medium-term impacts of Covid 19; and how these could impact the longer-term future pathways through to 2050.
- 4.5 TfN plan to publish a report on the refreshed Future Scenarios during 2020. The four Future Scenarios are summarised in appendix 5.
- 4.6 The Future Scenarios Framework will be applied within TfN's Analytical Framework, to provide enhanced evidence of the social, economic and environmental benefits of the Investment Programme. Helping to ensure that our transport investment plans, policies and strategies deliver the North's ambitions for inclusive and sustainable growth, across a range of different future scenarios.
- 4.7 The Future Scenarios work is fundamental to TfN's work on the development of transport decarbonisation pathways. This will combine assumptions in the four scenarios on future transport behaviours and demand, with evidence on the rate at which transport related measures can reduce transport-based carbon emissions. For example, the rate of uptake of ultra-low and zero emission vehicles.

5. Conclusion and next steps

- 5.1 This phase of work has developed three sequenced investment programmes:
- a) Based on three distinct investment options.
 - b) Focused on an assessment of need and deliverability between 2027-33.
 - c) Is geographically inclusive.
 - d) Has been co-produced with and agreed by over 30 Partners representatives from all TfN's partner Transport Authorities.
 - e) Included detailed discussion, review and input from Highways England and Network Rail.
- 5.2 TfN Board is being asked to endorse the approach to sequencing the investment programme, so that TfN can take forward further work on developing a route map for delivering a sustainable transport investment programme.

6. Options Considered:

- 6.1 Not applicable at this stage as there are no options to be considered.

7. Recommendation:

- 7.1 That the Board endorses the approach to sequencing of TfN's Investment Programme, as detailed in this report.

8. Appendices:

- 8.1 SDC Phase 2 documents:
1. Draft Sequencing Report
 2. Sequencing Framework – example proforma
 3. Updated list of pre-2027 schemes
 4. Draft list of sequenced schemes 2027-2033 and post 2033 for the three sequenced investment programmes.
 5. Summary of Future Travel Scenarios

List of Background Documents

TfN Strategic Transport Plan 2019
TfN Investment Programme 2019
TfN Qualitative Sequencing Report

Required Considerations

Please confirm using the yes/no options whether or not the following considerations are of relevance to this report.

Equalities:

Age	Yes	No
Disability	Yes	No
Gender Reassignment	Yes	No
Pregnancy and Maternity	Yes	No
Race	Yes	No
Religion or Belief	Yes	No
Sex	Yes	No
Sexual Orientation	Yes	No

Consideration	Comment	Responsible Officer	Director
Equalities	An Impact assessment has not been carried out as this report is seeking endorsement for the approach to sequencing the Investment Programme.	Owen Wilson	Peter Molyneux

Environment and Sustainability

Yes	No
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Consideration	Comment	Responsible Officer	Director
Sustainability / Environment	Sustainability / environmental risks and opportunities have been considered at a high level, using a qualitative assessment to develop the three investment programme options. These will be assessed further at the next stage of development.	Owen Wilson	Peter Molyneux

Legal

Yes	No
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Consideration	Comment	Responsible Officer	Director
Legal	TfN Legal Team has confirmed there are no obvious specific legal implications.	Julie Openshaw	Dawn Madin

Finance

Yes	No
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Consideration	Comment	Responsible Officer	Director
Finance	TfN Finance Team has confirmed that this activity is budgeted and that there are no additional financial implications	Iain Craven	Iain Craven

Resource

Yes	No
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Consideration	Comment	Responsible Officer	Director
Resource	TfN HR Team has confirmed there are no resource implications.	Stephen Hipwell	Dawn Madin

Risk

Yes	No
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Consideration	Comment	Responsible Officer	Director
Risk	A risk assessment has been carried out and the key can be found in the risk register	Haddy Njie	Iain Craven

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Consultation

Yes	No
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Consideration	Comment	Responsible Officer	Director
Consultation	The sequencing work has built upon the SDC1 development work, which included extensive public consultation. Consultation on this technical report has taken place with TfN partners.	Owen Wilson	Peter Molyneux