

TRANSPORT FOR THE NORTH

INTELLIGENT CONNECTIVITY

Activity Plan April 2016 – March 2017



Driving economic growth in the **North**



Introduction

Transport for the North is empowered by a pan-Northern Partnership representing political and business leaders from all areas of Northern England, working together with Highways England, Network Rail, HS2 Ltd. and the Department for Transport.

It is an emergent statutory organisation tasked with developing and delivering a Strategic Transport Plan to prioritise investments to improve the capacity, frequency and speed of the region's transport network.

Better connections between our city regions, and with our smaller cities and towns, will maximise the region's economic assets forming the bedrock of the Northern Powerhouse.

Transport for the North will not replace or replicate the work of our constituent Local Transport Authorities and Combined Authorities. Our role is to add strategic value by ensuring that funding and decisions about transport in the North are informed by local intelligence.

In line with the wider devolution agenda, Transport for the North is about drawing powers down from central government and not about taking powers up from Local Transport Authorities and Combined Authorities.

What is the role of the Transport for the North Partnership Board?

The Transport for the North Partnership is a unique arrangement that sees Northern City Regions and Local Enterprise Partnerships working together along with Highways England, Network Rail, HS2 Ltd and the Department for Transport. The Partnership Board will oversee Transport for the North's development of a Strategic Transport Plan.

The Partnership shares a common vision for a vibrant and growing economy across the whole of the North of England, which builds on its unique economic strengths, attracts and retains the brightest and best talent, and is a global force for research, development and business.

Once Transport for the North gains statutory status, which is expected to be in 2017, the organisation will then be responsible for delivering the Strategic Transport Plan that has been agreed by Transport for the North's Partnership Board.

Why was Transport for the North created?

At the heart of the economic challenges faced by the United Kingdom is the imbalance in activity between the North and the economy as a whole - GVA per capita in the North is weak when compared to the national average and in particular compared to London and the South East. Moreover, the North's major city regions are considerably less productive than equivalent second tier conurbations in other developed economies. No single remedy will transform the Northern economy on its own, but a key element in unlocking the North's potential will be a transport network that offers radically improved connectivity and supports the key growth areas identified in the Northern Powerhouse Independent Economic Review (NPIER).

What will Transport for the North do to address these issues?

The challenge and opportunity outlined above is to achieve the benefits of a larger market that greater connectivity across the North can bring. Faster growing regions are characterised by better infrastructure and connectivity to global markets. Transport for the North will:

- Develop an ambitious, transformational pan-Northern Strategic Transport Plan and programme of prioritised investments
- Commission, co-ordinate and oversee the delivery of that pan-Northern Strategic Transport Plan, underpinned by robust economic and technical evidence, partnership, stakeholder engagement and governance
- Drive forward integrated transport connectivity with greater capacity, faster and more frequent journeys for passengers and freight both within the North of England and between the North and the rest of the UK and the world
- Maximise the potential of transport to drive economic growth in the North

This document sets out TfN's achievements and planned activity for a 12 month period until March 2017. This work supports the development of Transport for the North's Strategic Transport Plan and programme of prioritised investments.



Northern Powerhouse Independent Economic Review

In 2015 TfN commissioned The Northern Powerhouse Independent Economic Review (NPIER), which provides a robust evidence base for the link between investment in transport infrastructure and economic growth. This research has also identified the North's collective strengths and highlighted opportunities for growth.

The NPIER predicts 'business as usual' growth without a transformed northern economy. The NPIER then demonstrates the potential to close the prosperity gap to the UK average (including London). This research shows that, if the North is supported by the right level of investment, there could be a step change in growth of an additional £97bn GVA and 1.56m additional jobs, of which 850,000 would otherwise not exist.

This unprecedented change in economic growth is highly unlikely to be delivered without a

corresponding step change with investment in infrastructure and wider policy areas including skills. We should be cognisant that currently The North has experienced consistently 15%-25% less per capita spending on public transport than the South-East, compounded over time.

The NPIER evidenced that for the North of England to realise its economic potential, an integrated Strategic Transport Plan and programme of prioritised investments is required. Integrated investment in the North's transport networks will better connect the major urban centres and economic assets of the North to market opportunities, including talented staff, suppliers, collaborators and customers, at home and abroad.

Objectives

TfN's primary objective is to achieve statutory status as a Sub-national Transport body through the Cities and Local Government Devolution Act 2016. This will allow TfN to become the commissioning body for pan-regional investment in transport infrastructure and related services across the whole of the North of England. TfN will not replace or replicate the valuable work of individual authorities. This means that in coordination with Local Transport Authorities, TfN will become the client body and through its Strategic Transport Plan and prioritised programme of investments will be able to:

- Develop and own the Transport Strategy of the STB
- Set the specification and development for strategic rail infrastructure across the North
- Set the specification for highways infrastructure across the North
- Ensure successful management of the Northern and Trans Pennine Express franchises through Rail North Ltd.
- Deliver Smart and Integrated ticketing options integrated across the North

In order to achieve these objectives, TfN is focusing on several key integrated work programmes, which will provide evidence and policy to develop TfN's Strategic Transport Plan and prioritised programme of investments. These integrated work programmes are:

- Strategy and Policy

- Analysis and Research
- Integrated Rail
- Integrated Highways
- Integrated Smart Travel
- Freight & Logistics
- Strategic Local Connectivity
- International Connectivity
- Governance and Legislation
- Stakeholder and Partner Communications & Engagement

To support the efficient management and resourcing of this work, a finance and mobilisation plan has been developed. More information on these is included at the end of the document.



Strategy and Policy

Transport for the North will develop a Strategic Transport Plan that will be published in draft by Spring 2017 and will be subject to public consultation once Sub-national Transport Body status has been achieved. This Plan will build on TfN's Northern Transport Strategy Spring 2016 Update Report, which set out initial priorities and an action plan; the evidence of the NPIER; and evidence developed through the wider integrated programmes of work.

The Strategic Transport Plan will explain how TfN will work as the client to Highways England and Network Rail and set out the case to Central Government for major investment programmes in the North of England. More specifically the document will:

- Build on the evidence of the NPIER
- Set out clear policy objectives
- Set out a long-term, multi-year, prioritised and sequenced programme of investments
- Present business cases and development programmes
- Include a Delivery Plan outlining key legislative milestones

In the short term, TfN is working with the Department for Transport and national agencies to influence Highways England's second Road Investment Strategy (RIS2) and Network Rail's Control Period 6 (CP6). It is envisaged that once TfN is established as an STB it will lead these processes for the North of England.

TfN is well positioned to produce a Strategic Transport Plan that is integrated across modes, across pan-Northern geography, and which ensures the credible and effective integration with transport, spatial, economic and wider strategic policy themes. The Strategic Transport Plan and its implementation will make a commitment to:

- Deliver a coherent, economically focused, multi-modal plan
- Secure higher returns and economies of scale from investments through integrated thinking
- Position the North with a business case to support a step change in investment
- Ensure benefits of an integrated economic geography of the North through greater connectivity
- Ensure that TfN transport investment plans reflect the need for enhancements and new connections
- Support the transformation of the North's economy through visible investment targeted to growth opportunities

The Strategic Transport Plan will build on The NPIER providing the next level of analysis, supporting the wider case for a transformative transport programme to unlock the potential of The Northern Powerhouse and set the narrative and objectives for our priorities.

The Strategic Transport Plan will encompass the current programmes, support the case for significant investment in smart, road and rail investment, and ensure that key policy areas receive suitable focus, including freight and logistics and international connectivity.

The approach will support the development of new priorities and provide the objectives to frame policy agendas, for example to ensure freight is effectively captured in the prioritisation of road and rail programmes. To achieve this, clear policy positions will be required in a number of areas based on a strategic and adopted evidence base.

The Strategic Transport Plan will set a clear baseline and performance metrics on which success can be measured.

The governance and management of the plan will need to ensure this is a document owned by the North – in pursuit of growth for the North – whilst still working closely with Central Government.

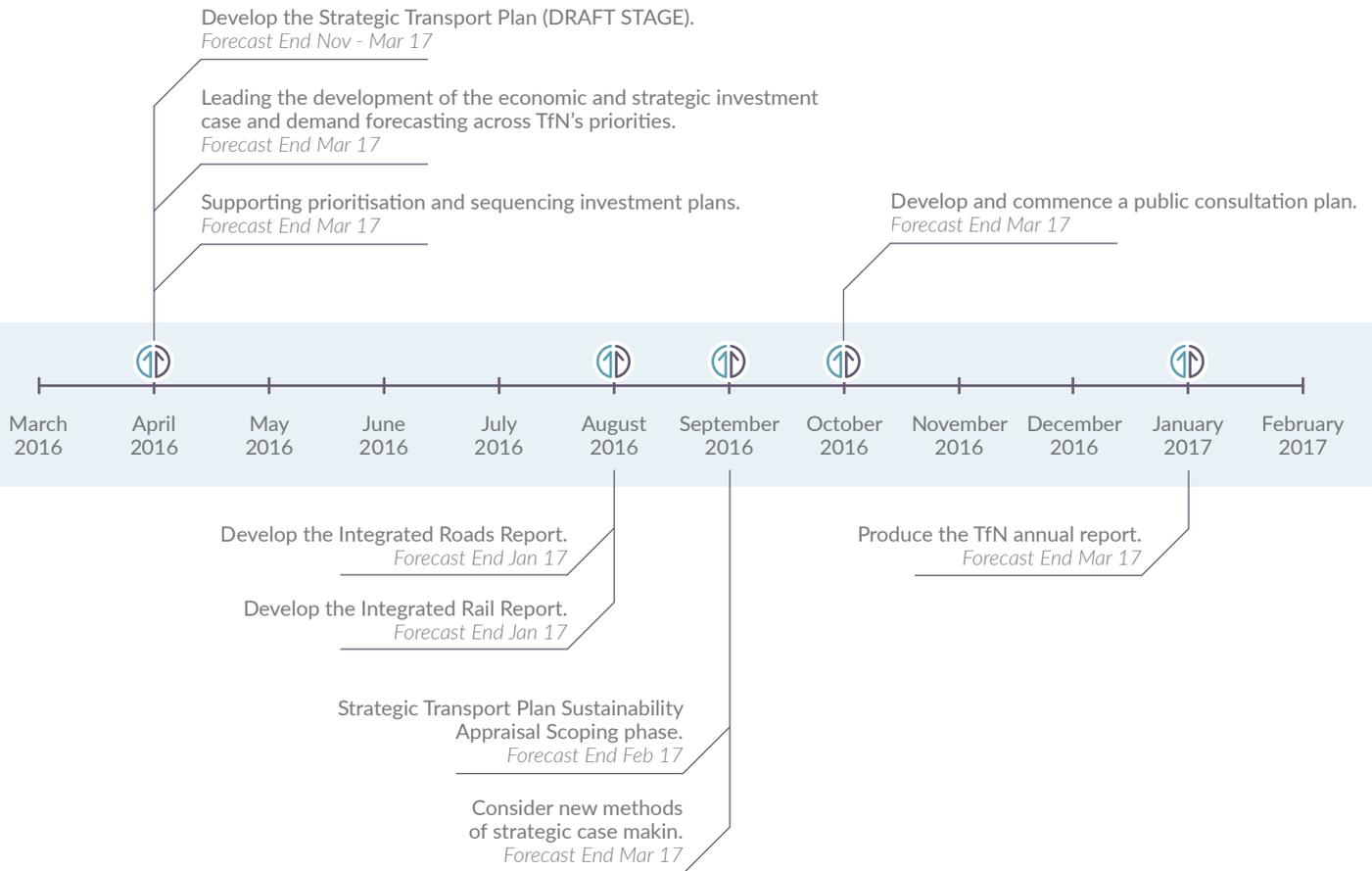
We will publicly consult with regard to our plans so that we can capture the right vision and activities to represent the needs of our communities.





High Level Summary of Milestones

Overarching Strategy and Policy



Analysis and Research

TfN will make the case for transformational investments, building on the principles of other infrastructure programmes where transport has proved a catalyst for economic growth.

Working closely with its local and Central Government partners, TfN is developing a prioritisation framework for decision-making on the options and priorities for the required programmes of investment.

In 2016/17, TfN will agree its strategic objectives and targets that will enable its vision for transformational change in the capacity, frequency, reliability and speed of the North's transport network.

By autumn 2017, TfN will examine the anticipated economic benefits of individual projects that form the overall programme of investment.

As a credible organisation making the case for the long-term, TfN will also consider the research and analytical needs to support a continued case for change. This will include the development of an appraisal prioritisation mechanism.



Rail

TfN is developing a long-term rail investment plan which captures the infrastructure and service requirements for the Northern rail network.

Rail North has already achieved a great deal in securing a joint role with DfT to set the franchise specification. Under the new legal order for TfN to become an STB, Rail North will join TfN as its franchising arm.

TfN will develop an Integrated Rail Report setting out options for a long-term investment plan encompassing:

- Northern Powerhouse Rail prioritisation, which is aimed at transforming rail connectivity between the North's six major cities and its largest airport
- Rail North, which gives TfN a greater role to set the services and rolling stock specification for the rail network and sets out the long-term rail strategy which covers infrastructure priorities along the franchise routes
- Integration of the outcomes from other programmes, including freight & logistics, strategic local connectivity and international connectivity.

TfN will agree new areas of the network for investment where potential improvements can be strongly linked to opportunities identified in the NPIER. More detail on the two most developed areas of our rail proposals, Northern Powerhouse Rail and Rail North, is provided below.

Northern Powerhouse Rail

By December 2016 detailed options for the NPR network will be available. These will have been evaluated against agreed criteria and will include analysis of the indicative costs and benefits.

In March 2017, TfN will submit a prioritised programme of NPR rail priorities, which will be encompassed and integrated within the development

of The Integrated Rail Report and Strategic Transport Plan.

Rail North

TfN and Rail North are moving towards establishing a single 'client' organisation for the specification and development of future rail franchise operations across the North of England, which will take effect ahead of the next refranchising programme for the two northern franchises.

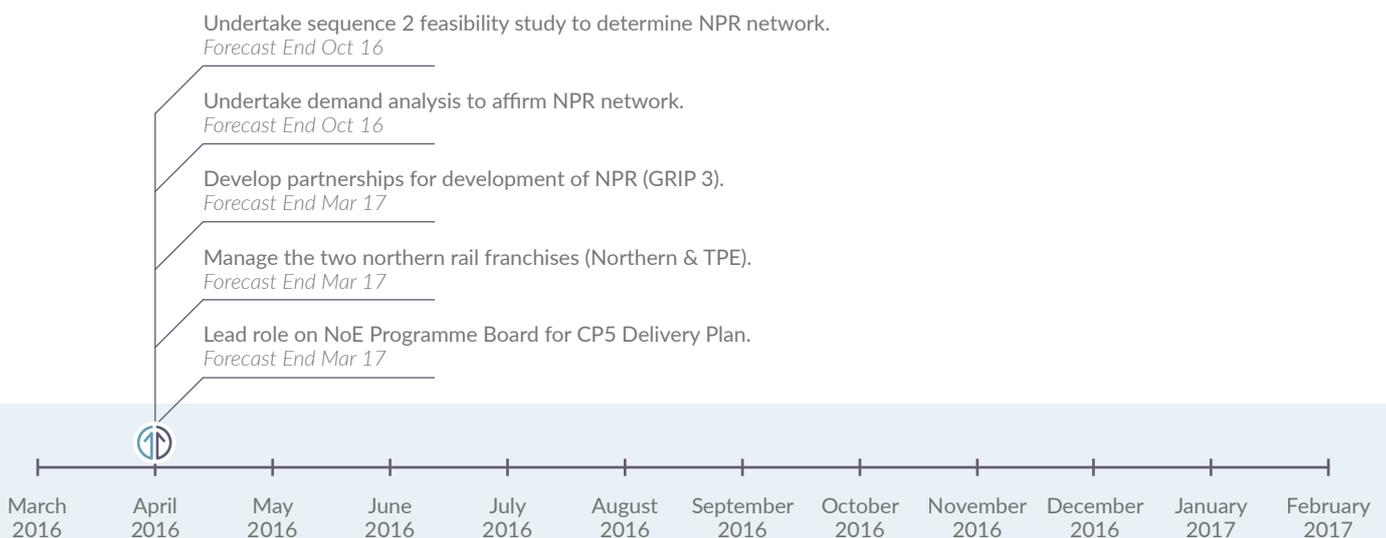
In terms of the operational railway, Rail North Ltd is now established as a lead partner (with DfT) for the management of all aspects of the Northern and Trans Pennine Express franchises, ensuring that all commitments made as part of the franchise agreements are fully delivered and the co-ordination of infrastructure enhancements.

Rail North also has responsibility for future strategy and policy development, for example the delegated fares policy and 'near term' comprehensive investment planning. Rail North will be developing plans and proposals in four broad areas, as follows:

- Future development and enhancement of services, including opportunities to make efficiency savings (hypothecated for re-investment)
- Developing policies and plans (e.g. the Long Term Rail Strategy, stations and fares policies input to the industry planning process, etc.)
- Acting as joint client for Network Rail's North of England Programme of infrastructure upgrades and working closely with TfN on the long term planning; and
- Developing proposals for, and implementing, further rail devolution.

High Level Summary of Milestones

Rail





Highways

TfN will develop an Integrated Roads Report, which will provide evidence for the Strategic Transport Plan.

This report will set out the options for a long term investment plan, that will encompass the following:

- The three strategic highways studies; Trans Pennine Tunnel, Northern Trans Pennine and M60 North West Quadrant
- A wider Connectivity Study which will consider the implications for the wider highway network on the proposals coming out of the Trans Pennine Tunnel Study
- The integration of the outcomes from other programmes, including freight & logistics, strategic local connectivity and international connectivity
- Agree new areas of the network for investment, where potential improvements can be strongly linked to the opportunities identified on the NPIER

During 2016/2017 TfN, whilst developing the early investment propositions, will adopt the following principles:

- TfN will, through TfN Partnership arrangements, work collaboratively with Highways England (HE) to develop the Roads Investment Strategy programme for 2020-2025 (RIS2);
- TfN will work collaboratively with HE to ensure that this important relationship reflects a genuine partnership to the shaping of investment in the Strategic Roads Network (SRN) and will ensure the TfN position is clear on expectations

- TfN will chair the Stakeholder Advisory Panels being set up by HE in the North East and North West to develop the new Route Strategies. These will identify potential interventions for the RIS2 programme

Through the development of TfN's Integrated Roads Report, TfN will engage with all partner authorities to gather evidence to help determine the greatest opportunities for east-west connectivity, international connectivity and to identify strategic bottlenecks. In reviewing the Option Assessment Reports and Strategic Outline Business Cases produced by HE, TfN will provide a pan-northern overview that represents the over-arching objectives of TfN.

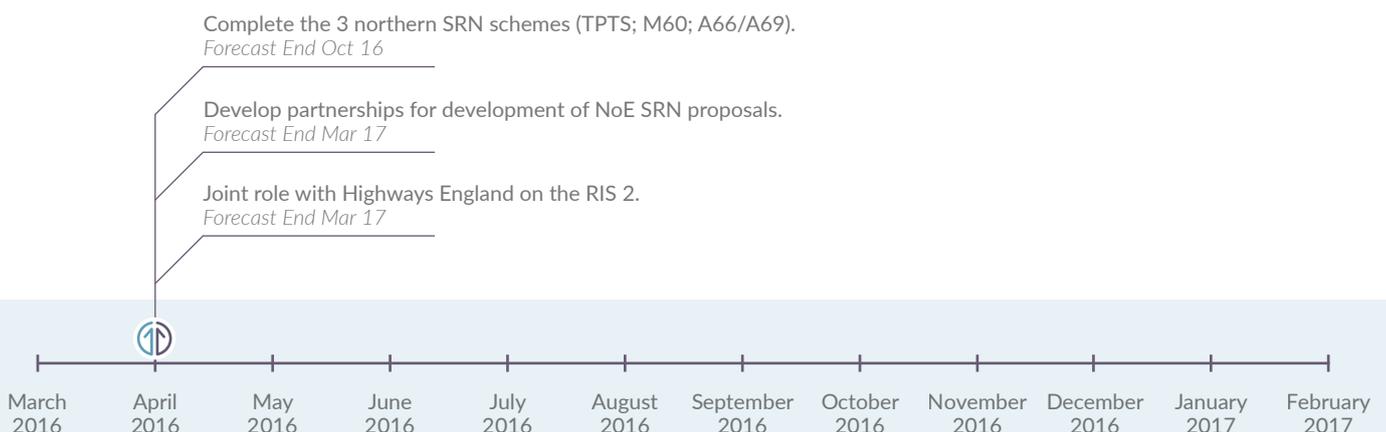
Highways England's Route Strategies will be published in March 2017. We will continue to work with HE throughout 2017 to refine the options proposed and contribute to HE's SRN Initial Report, which will make recommendations for investment to the Secretary of State in November 2017.

The relationship between TfN and HE continues to develop, and details of how we will work together in developing the RIS2 programme are still to be fully explored.

By far the most developed elements of TfN's work on the SRN are the three strategic studies, each of which relates to major improvements across the North of England. These include the Trans-Pennine Tunnel Study, the Northern Trans Pennine Routes A66/A685 and A69 Study and the M60 Manchester North West Quadrant Study.

High Level Summary of Milestones

Highways





Integrated and Smart Travel

Smart Travel is important to ensure that customers can access fair price ticketing and information for public transport across the North. It is the first TfN project funded by Government, with delivery of the early phases due to take place before the end of this parliament.

TfN's Integrated and Smart Travel programme will be delivered through three clear tranches so that customer products and benefits are gradually rolled out across the North.

The Strategic Outline Business Case (SOBC) was submitted to DfT and HMT in February 2016, and received a formal response releasing funding for development of the Outline Business Case (OBC) in July.

TfN is now developing the OBC, which sets out a requirement for spending public money. It is also necessary to design robust governance, programme integrity and the procurement strategy. It will be a complex and detailed process as it will address significant challenges and opportunities to ensure that we achieve the best outcome for the customer with private operators.

The OBC work will further develop our approach to:

- A stronger customer offer
- Exemplary customer service and support
- The best products
- Procurement strategy
- Detail on costs and benefits
- Cost sharing with operators

All of the above indicate the need for strong, well-understood governance and delivery structures for TfN.

The key outcome will be an approved OBC for the programme. This will allow the devolution of funding and funding control to TfN, allowing it to work with operators to further develop the best products and services for customers.

The specification of the back office, which will manage the ticketing, is essential to the overall programme as it provides the ability to offer the 'fair price promise', which is at the heart of the later programme aims.

Some Passenger Transport Executives (PTEs) are advanced in their local activities on Smart, and TfN is keen to ensure that we utilise existing expertise and infrastructure where possible.

The proposed approach is to build on the substantial work being undertaken by TfGM and bus operators to get to a point where a decision can be taken on the best way to procure and implement the back office, which will process the Smart products.

TfN will evaluate the feasibility/desirability of using systems developed by other bodies such as Transport for London (TfL) and South East Flexible Travel (SEFT), and establishing beneficial links with other transport bodies including Transport Scotland and Midlands Connect.

One of the proposed "quick wins" is the implementation of stored travel rights for use on buses. This will be the first time we can provide a service where customers can use the same smart card across cities in the North to 'pay as they go' on local bus services. The initial work is to design this product and associated commercial arrangements, with a gradual roll out across the North. In parallel, cities would be asked to develop 'capping' propositions as part of the local schemes.

TfN needs to work through city regions and other information providers to develop a consistent information offer including improved journey planning, incorporation of fares information and increased personalisation of the information offer, linked to retail of ticketing products. Resource is required to define the gaps in current provision and the approach to bridging these including supporting open data initiatives. This will require engagement with players in the field such as the Traveline service and key suppliers such as Trapeze.

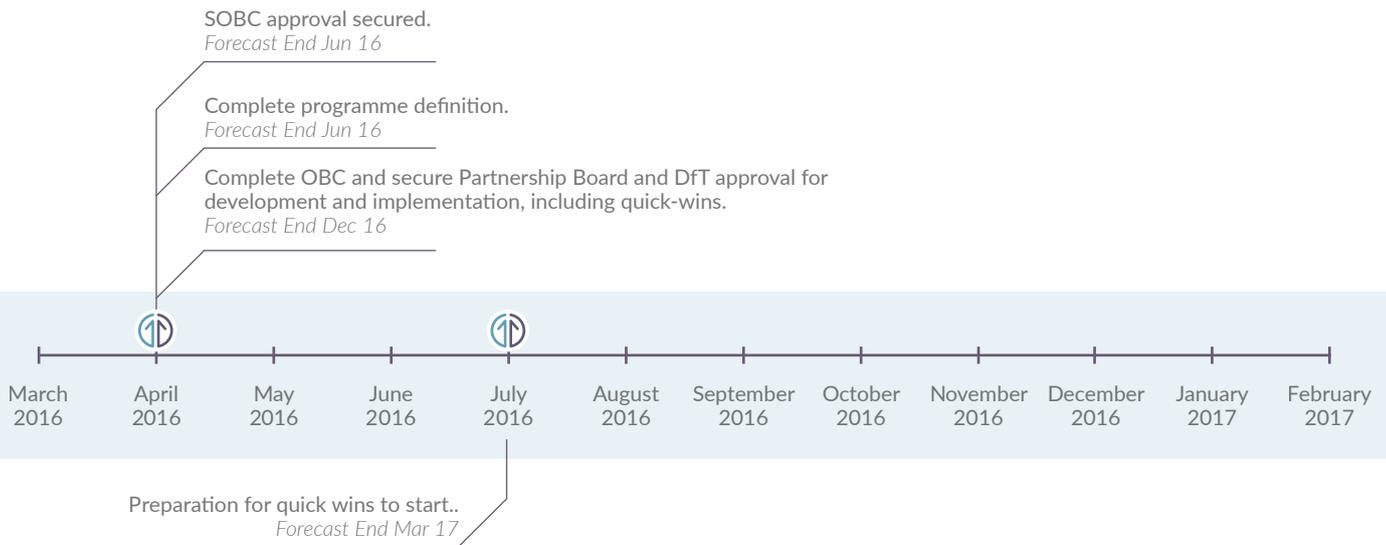
There will also be a requirement for open data to enable developers to make best use of the data available to put out new apps and other products. This in turn requires definition to ensure that a large amount of data is released whilst not compromising data security.

Over the programme TfN will also benefit from 'proof of concept' projects being developed and undertaken by partners. These include WYCA activity in relation to Host Card Emulation (using a mobile phone as an ITSO smart card) and Bluetooth beacons, as well as NEXUS demonstrating and disseminating the 'fair price promise' of capping on the Tyne & Wear Metro. This will be at low or no cost to TfN but is an important part of the phased implementation whilst managing risk.



High Level Summary of Milestones

Integrated Smart Travel



Freight & Logistics

The NPIER clearly evidenced that Freight & Logistics provides a key opportunity for stimulating growth within the North and that the region can play a clear role in stimulating national growth for the sector. Freight & logistics is an industry and sector whose growth is inextricably aligned to investments in the transport network.

It is essential that, in order to be able to support the GVA growth potential of the North, TfN Freight & Logistics develops an ambitious programme designed to get ahead of the capacity demand and support private sector growth.

Over the last nine months TfN has been developing a Freight & Logistics Report to support its evidence base and understanding on where policy and resource may best support growth in the sector. A number of recommendations have been made which provide TfN with a rich evidence base to consider the next steps in broader Strategic Transport Plan. Working in partnership on freight and logistic with key public

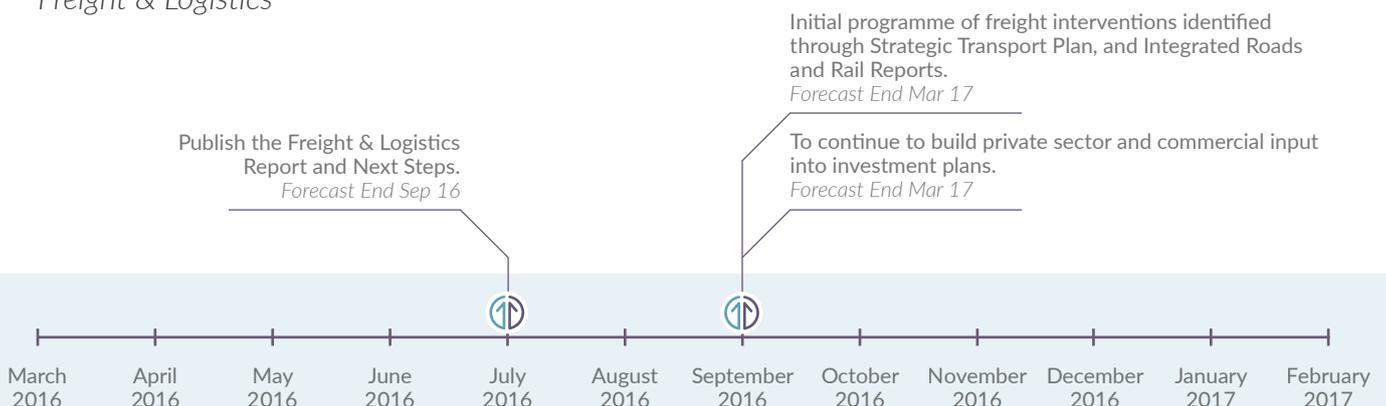
and private sector partners is essential. A number of city regions already have very clear freight & logistics strategies and investment plans and our report adds value to these.

There are three key areas of focus which will define the 2016/2017 priorities for Freight & Logistics:

- To publish the Freight & Logistics Report, which includes next steps, by September 2016
- To maintain ongoing regional support, generate potential proposals that meet TfN's overall goals and growth ambition for freight. This will include a long-term multi-year investment proposition developed through the Integrated Rail and Integrated Roads Reports
- Building on and enhancing our strong existing public-private sector partnerships, to continue developing our freight & logistics work to reflect the needs of the sector and opportunities for growth.

High Level Summary of Milestones

Freight & Logistics





Strategic Local Connectivity

In addition to the pan-Northern proposals TfN has undertaken a review of LEP area proposals not currently covered by TfN and particularly where local programmes of investments could have a wider economic impact for the whole of the North.

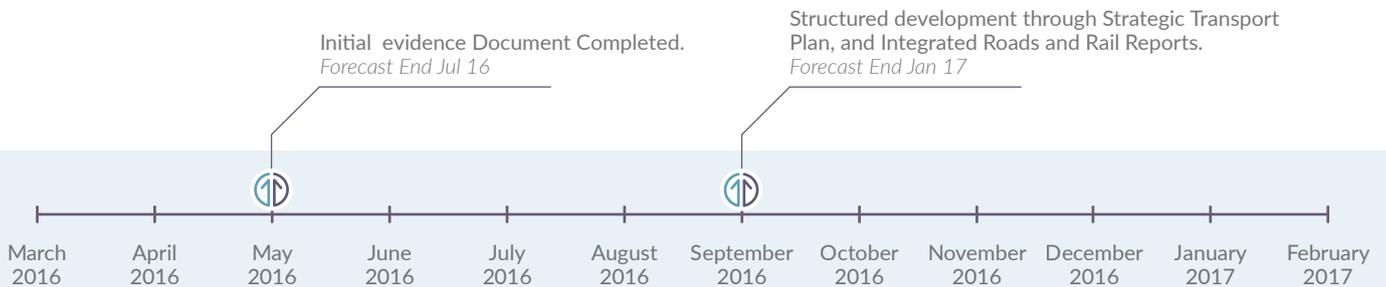
The review highlights that further work, particularly to consider the interfaces with the local and strategic highway network, could be considered further. There is also an opportunity to use the review to further consider the roles of, and interface between, Local Transport Authorities and TfN.

This work will be built into the evidence for the Strategic Transport Plan and any further next stages identified through that process.

The work will be used specifically to support the Integrated Roads and Rail Reports, including the TfN priorities into RIS2 and CP6 that are to be agreed through those reports.

High Level Summary of Milestones

Strategic Local Connectivity



International Connectivity

In July 2016 TfN launched the International Connectivity Commission, which includes a panel of industry experts chaired by TfN's chairman John Cridland. The Commission is responsible for making recommendations to TfN's Partnership Board regarding opportunities for global connectivity opportunities for the North of England.

The Commission will make early recommendations in winter 2016/17 to be considered further by the TfN Partnership Board and developed with the Strategic Transport Plan.

To support the International Connectivity Commission, TfN has undertaken a review of current international connectivity across the North of England. The review covers passenger related international connectivity (sea and air) and assesses opportunities for both business and tourism.

The report will be used to inform the overall findings of the International Connectivity Commission which will progress this further to set out what potential there is to transform the North's international assets and connections. We expect the Commission's findings to be published in winter 2016/17.

High Level Summary of Milestones

International Connectivity





Governance, Powers and Legislation

Effective powers and responsibilities for TfN as an STB will ensure that it is empowered to deliver on the commitments of its Strategic Transport Plan and prioritised programme of investments.

The Cities and Local Government Devolution Act 2016 received Royal Assent on 28 January 2016. TfN is now working closely with Partners and DfT to establish TfN as a statutory body through secondary legislation. A timetable has been set, including consultation with neighbouring partner authorities, and a Statutory Instrument being drafted and taken through parliament which would formally establish TfN as an STB in 2017.

Mobilisation from the current shadow arrangements to a fully functional statutory body are underway, including a review of organisation design options, leading to a recruitment drive that will coincide with the STB status.

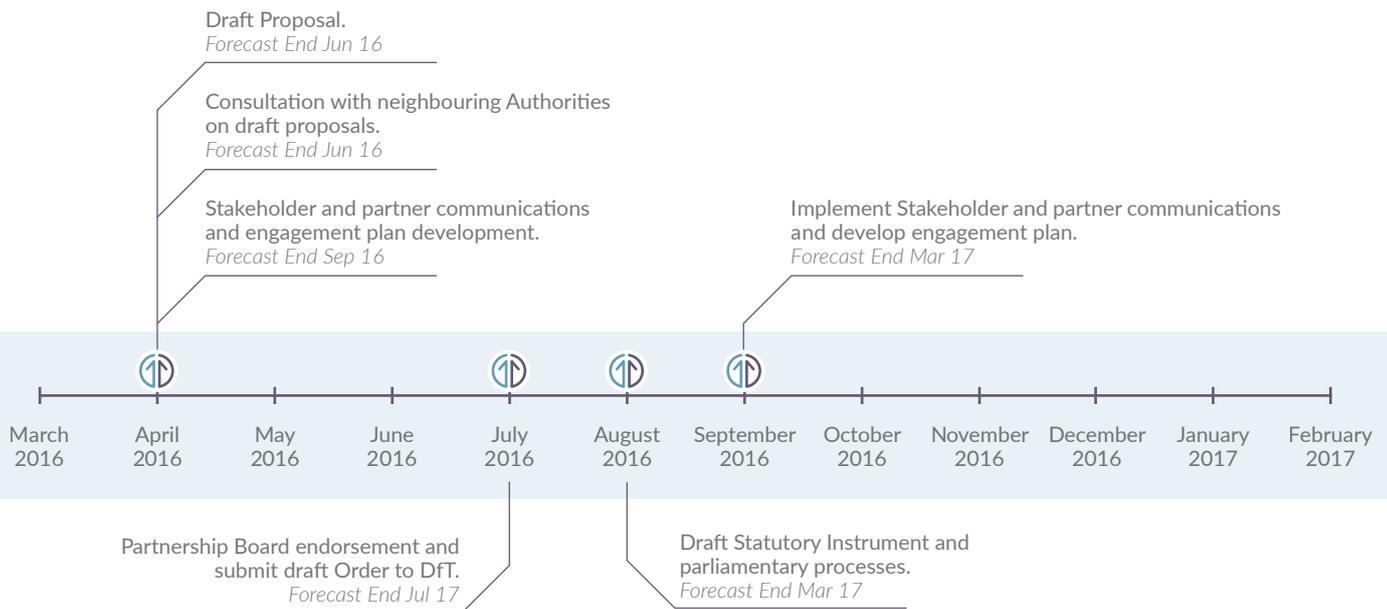
By the end of the business plan period 2016/17 TfN will have reached stage 3 of the legislation process. In autumn 2016 TfN will seek final approvals from members, with the drafting of the statutory instrument and the Parliamentary process taking place between autumn 2016 and spring 2017.

Appropriate governance structures and powers are critical to ensuring that TfN can influence Central Government decision making with regard to strategic investment decisions and funding in line with our Strategic Transport Plan.

Significant work with the DfT and partners has taken place to develop the proposition. This has included a steering group, regular discussion with the TfN Executive Board and individual meetings with each LEP area and a legal officers meeting. This engagement and collective development will continue throughout 2016/2017.

High Level Summary of Milestones

Governance, Power and Legislation



Stakeholder and Partner Communications & Engagement

TfN has a dedicated Communications & Engagement Team, which works across the TfN Partnership to support information sharing, engagement, media, communications and strategic communications planning.

Stakeholder and partner engagement is a key theme through each area of TfN and will continue to be a priority in 2016/17.

Key activities will include the development and implementation of the overarching Communication

and Stakeholder Engagement Plan, public events and launches such as the findings of the International Connectivity Commission, and supporting the initial stages of public consultation for the Strategic Transport Plan.

Ongoing engagement with stakeholders and partners, media liaison, and wider communications work is critical to TfN's success and forms a critical part of its development.



Workforce Plan

A phased approach to resourcing

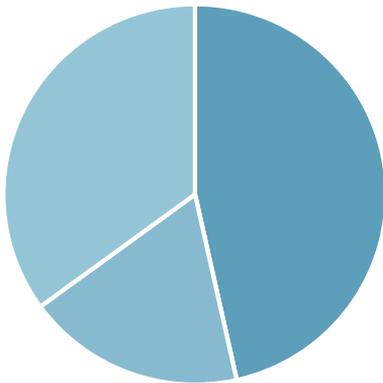
As TfN evolves it has been necessary to develop a flexible approach to resourcing for 2015/16 and beyond.

The purpose of this approach is to identify the roles, attract and retain the right people (skills and behaviours) at the right costs and the right time. This approach sets out three phases by which TfN will deliver the capabilities to 2020 and beyond.

Phase 1 – Early mobilisation 2015/16

In this period TfN made key appointments and developed its Partnership across the North. The challenge over this period was continuing the delivery of a number of high profile programmes whilst also establishing basic corporate capability.

FTE



■ Fixed-term (Up to 2 years) ■ Fixed-term (2 to 4 years)
 ■ Secondments (Up to 2 years) ■ Consultants

TfN primarily progressed programme delivery through an integrated resourcing approach:

- Partnership (Combined/Local Authorities);
- Fixed-term appointments;
- Secondments; and
- Consultancy assignments.

2015/16 – Resource Profile:

Whilst this approach was critical to maintain momentum on the programmes, it does carry a number of risks:

- High delivery costs;
- Loss of key knowledge; and
- Failure to build adequate relationships and trust with partner organisation through longer-term resourcing.

Phase 2 - Delivery of 2016/17 requirements

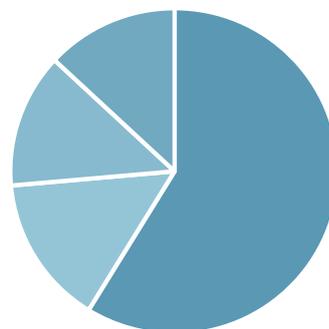
During March 2016 the various programme leads, with the support of the HR Team, have agreed resource and phased recruitment plans that are aligned to each programme of work. A matrix operating structure is in place as this best serves the requirements of the business in its start-up phase.

Where appropriate TfN has worked to shift the resourcing mix away from consultants and secondments towards a more stable and longer-term resourcing profile so that we retain the knowledge, capability and skills for our longer-term success and mitigate the risks above.

TfN has focused on a timetable of commissioning activities for Road and Rail, delivering to key milestones, as summarised in the table below.

Autumn 2016	Input into the initial development of HS2 Phase 2
End 2016	Input into the development of the Road Investment Strategy 2 (RIS2) informing the Strategic Growth Plan (End 2016)
End 2016/17	Road Period 2 Route Strategy updates and draft RIS2 and RIS2 Strategic Business Plan
July 2017	High Level Output Statement (HLOS) which will feed into the rail industry capital programme (CP6 2019 - 2024)

FTE



■ Fixed-term (Up to 2 years) ■ Fixed term (2 - 4 years)
 ■ Secondments (Up to 2 years) ■ Consultants



Resource Profile – March 2017 (phased recruitment programme):

Work is continuing on Smart to determine the resources required to deliver this programme with immediate resourcing requirements reported to the July 16 TfN Executive Board.

Additionally, given the governance work has progressed sufficiently, we are now able to work through the organisational design for 2017/18 and the longer term resourcing strategy. This work has begun and is due to report initially in late August 2016. We have commissioned Arup as our strategic partner and the steps we are working through are detailed below.

The next stage of the organisational design process will be to focus on identifying the critical organisational capabilities and partnership interfaces required to fulfil key objectives. This will inform a benchmarking process to identify what TfN can learn from other organisations in shaping our Target Operating Model and key aspects of the design.

Meetings with partner organisations are being held at the Executive Board level to discuss TfN's role and consult on key organisational interfaces and considerations.

We will focus on establishing and refining organisational design options through to a preferred design to be developed in greater depth. The output of this process will be a blueprint to enable TfN to grow from a 'start-up' organisation to a statutory body in 2017 and position the business to scale up through to 2020 and beyond in line with anticipated responsibilities.

Key outputs will include a skills framework, aligned to identified organisational capabilities, organisational structures and critical roles, and key principles and practice around 'ways of working' recognising that much of TfN's success will depend on the way in which it's people and partners are engaged to deliver shared goals.

Engagement with Executive Board partners will continue with a second round of meetings in July and August are intended to socialise the TfN Target Operating Model and the thinking behind it.

Once the Target Operating Model has been established, the focus will shift to planning for implementation of the model and the longer-term structure, resourcing plan and total reward package.

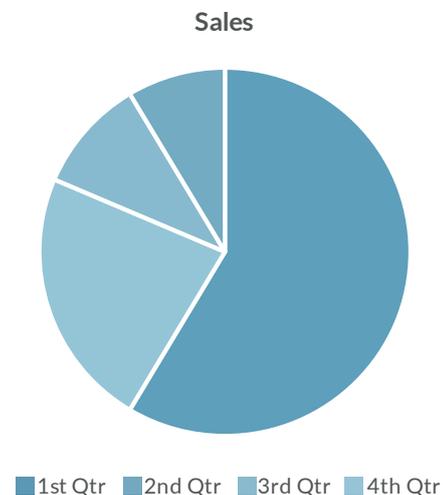
In support of the Target Operating Model a programme of Organisation Development activities will be developed. This programme is likely to include leadership development, culture and behaviours and core competences to further strengthen effective

partnerships across the broad range of organisations and interest-groups.

Phase 3 - 2017/18 and beyond

Looking beyond the immediate business planning horizon, in phase 3, the federal structure will be embedded and matured; supporting 'One Voice' for the North and ensuring sustainable benefits across the region. We will develop the full organisation capability, beyond commissioning, including oversight of the delivery and operation of Northern infrastructure and services.

It is critical to TfN's success that it continues to establish itself as an organisation that fully operates across the North. This will be achieved by closer working with our partners across the North and having a highly visible and mobile team working across the region. We currently operate out of two offices (Leeds and Manchester), with broadly equal numbers of staff based at each. We plan to further develop this approach and work with partners to establish working hubs across other Northern partners; and have recently advertised roles which will be located in Newcastle and Liverpool. We see agile working as a fundamental element of our 2017/18 resourcing strategy, enabling us to attract and retain the necessary mix of skills.



Expenditure Plans

TfN is an inclusive organisation, whereby a significant element of the activity that it undertakes is delivered by partners across the North. Prior to the establishment of TfN as a statutory body, funding provided to it by DfT will continue to be held by Sheffield City Region (SCR) as the accountable body.

TfN is obliged to deliver its activity in an efficient and effective way, which can be demonstrated to represent value for money. Control processes and procedures are in place to robust financial control over expenditure, including:

- Financial planning and reporting cycles now in place, including budgeting, quarterly revisions and monthly review processes.
- Streamlined Commissioning Board processes, including the introduction of a scheme of delegation.

Budget 2016/17

The 2016/17 budget is the first formal budget setting process undertaken by TfN. As well as being necessary for robust financial management and control, the budget is a key component of the Business Plan submitted to DfT prior to releasing the annual core funding of £10.0m to TfN.

Total budgeted expenditure for 2016/17 is £21.7m, an increase of £18.4m from the previous year

(£3.3m). Confirmed funding for TfN for 2016/17 is £25.0m, of which £10.9m is carried forward from 2015/16; £10.0m is core funding that will be received in-year once this 2016/17 Business Plan has been presented to DfT; and £4.1m will be drawn down from NPR Transport Development Fund (TDF).

To deliver the priorities set out above, 2016/17 will see a significant increase in the level of expenditure and commissioning activity. Commissioning has been streamlined, including setting delegated authority limits.

Further funding is available from the DfT in the form of Transport Development Fund (TDF) and Smart allocations. This is set out in greater detail below. The process for identifying which activity can be funded from TDF is ongoing, including the mechanisms by which these funds will be released.

The table below sets out both the confirmed funding that has been agreed with TfN to date for 2016/17 and the total amount of funding that has been allocated for the year. Access to the additional allocated amounts will be dependent on agreeing with DfT that TfN activity meets the conditions attached to it. In addition, discussions are ongoing with DfT regarding the management arrangements for the TDF – Strategic Road funding.

Funding	Confirmed	Additional Allocated	Total
	£'m	£'m	£'m
Carried forward	10.9	-	10.9
Core funding	10.0	-	10.0
Smart	-	6.0	6.0
Transport Development Fund - NPR	4.1	5.9	10.0
Transport Development Fund - Strategic Road	-	15.0	15.0
Total	25.0	26.9	51.9

Future Funding

TfN's funding allocations run through to the end of the current parliament. At present no additional funding streams are anticipated.

The funding streams available to TfN are set out in the table below.

TfN Funding Allocations	Total	2016/17 Allocation	2017/18 Allocation	2018/19 Allocation	2019/20 Allocation
	£'m	£'m	£'m	£'m	£'m
Carried Forward	10.9	10.9	-	-	-
Core Funding	40.0	10.0	10.0	10.0	10.0
TDF					
- NPR	60.0	10.0	15.0	20.0	15.0
- Strategic Road	75.0	15.0	20.0	20.0	20.0
Smart					
- Revenue	27.0	-	9.0	9.0	9.0
- Capital	114.0	6.0	48.0	38.0	22.0
Total	326.9	51.9	102.0	97.0	76.0

Notes:

1. The Smart funding allocation includes an additional £9m of revenue funding in 2020/21

The core funding allocation is not ring-fenced, providing TfN with flexibility as to how this money is spent. In addition, it can be carried forward from one year to the next, subject to certain limitations. All other funding streams are ring-fenced to the stated activity and need to be utilised in the period in which they have been allocated.