

Transport for the North Board - Item 12

Subject: Northern Transport Charter

Author: David Hughes, Strategy and Programme Director

Sponsor: Barry White, Chief Executive

Meeting Date: Wednesday 29 July 2020

1.0 Purpose of the Report:

- 1.1 The purpose of this paper is to provide a summary of the latest position in respect of the four Northern Transport Charter ambitions.

2.0 Executive Summary

- 2.1 In February 2018 TfN approved its Strategic Transport Plan, including a funding framework. Building on that work, in September 2019, the TfN Board approved a draft Northern Transport Charter (NTC) which sets a future direction for TfN framed around four strategic ambitions. Since then, TfN has, under the auspices of a Member Working Group (MWG) chaired by Cllr Judith Blake, been developing detailed proposals to support the four NTC ambitions.
- 2.2 At its meeting on the 17th July, the MWG was updated on the development of these detailed proposals. There was a strong sense that the work should now be brought to a close and the outputs of the work agreed by the Board as the foundations of the TfN position ahead of the forthcoming Spending Review. The fundamental conclusions of the NTC work remain unchanged and consistent with the positions adopted by the TfN Board in September 2019. The NTC ambitions have arguably become more urgent in the wake of the current crisis – the North needs a devolved budget to facilitate a rapid and effective Northern infrastructure pipeline.
- 2.3 Since the MWG's 17th July meeting, the Government has announced the timetable for the Spending Review in the autumn, and also announced the intention to set up a 'Northern Transport Acceleration Committee, to which TfN has responded positively. The Government's white paper on devolution is also expected to be published this autumn.
- 2.4 Therefore, we are now proposing to bring the work on the Northern Transport Charter to a close, and to agree a revised and updated report in early September. That report will form the basis of the TfN Spending Review submission. A fuller discussion on Spending Review asks will be held at the Board in September.

3.0 Background:

- 3.1 Transport for the North's general powers allow the Board to make proposals to the secretary of state for further devolution of transport functions. These powers were defined in the 2017 regulations that established TfN as a statutory body, with the clear expectation that further devolution would be required.

The 'Northern Transport Charter' approved by the TfN Board in September 2019 set out four 'ambitions' for the future of Transport for the North, all of which are considered essential to the delivery of the Strategic Transport Plan:



- 3.1 The draft charter was published with the Board papers in September and was endorsed by members.
- 3.2 Since last September, under the auspices of a Members Working Group (MWG) chaired by Councillor Blake, further work has been undertaken to develop more detailed positions in respect of each of these four ambitions. Whilst there has been some slippage to the originally envisaged timetable, largely as a result of Covid-19, the work is now substantially complete.
- 3.3 This paper summarises the key outcomes in respect of the MWG led work against the four NTC ambitions. It confirms that the strategic priorities and scale of ambition agreed in the draft charter remain the right outcomes to pursue as the next stages of developing Transport for the North. The work undertaken on the technical detail has helped demonstrate that the ambition is realistic and deliverable in practical terms.
- 3.4 Subject to Member agreement, the intent is that the finalised report covering each of the four ambitions will now be circulated to Members

for detailed comment and sign off, with TfN building its Spending Review submission around the strategic ambition of the Northern Transport Charter principles and the case for further devolution of powers and funding.

4.0 Long Term Funding Settlement

- 4.1 At the core of the Northern Transport Charter is the principle that the North should have more control over transport budgets – not as end in itself, but in order to better ensure delivery of the outcomes identified in the Strategic Transport Plan. Through the Members Working Group, TfN has therefore developed detailed proposals for a Northern Devolved Budget, which were considered and agreed by the TfN Board at its 12 March meeting.
- 4.2 A summary of the Northern Devolved Budget proposals is included at Appendix 1. The clear ‘ask’ is control of a long-term pan modal funding settlement for strategic transport infrastructure in the North. This will enable a local and different approach to decision making – examples from Scotland being the successful Borders railway line reopening, or the dualling of the A9 to Inverness, decisions unlikely to have been made without devolution. Or the better value for money that can be achieved on rail projects through a managed pipeline of work. A devolved budget would bring both control over, and responsibility for delivery of the STP outcomes, with the pan modal aspect providing greater opportunity to integrate sustainable transport solutions.
- 4.3 As was explained the 12 March meeting, the Northern Devolved Budget proposals are based on positions adopted by the Board since it was created as a statutory entity. These include the STP and associated Investment Programme, the NPR SOBC, the statutory advice in relation to TRU and the Funding Framework adopted by the Board in September 2018.

5.0 Leading Strategic Transport Delivery

- 5.1 It is recognised that strengthened decision making and governance arrangements are a prerequisite to any further devolution of powers and funding. Under the auspices of the Members Working Group, TfN has therefore developed detailed proposals for a revised “Decision Making and Governance Model”. These proposals were considered by the TfN Board at its 12 March meeting (a summary is provided at Appendix 2).
- 5.2 The work on decision making and governance has confirmed the key principles and mechanisms needed to support TfN members discharge their responsibilities for a devolved Northern Budget.
- 5.3 Since March, further work has been undertaken to address points of detail raised by Members in respect of the resource requirement and time commitment associated with the proposed governance model (the

outcome of this work is also covered in Appendix 2). Having reviewed the additional work, the Member Working Group has recommended that this strand has now reached a natural conclusion, pending the outcome of the Spending Review.

6.0 Championing an Inclusive and Sustainable North

- 6.1 As stated above, devolution of budgetary control over the long-term investment pipeline for Northern strategic transport infrastructure is not an end in itself. Rather, it is a means of ensuring the outcomes set out in the STP as adopted by the TfN Board in February 2019. Members have also been clear that whilst the level of economic ambition in the Strategic Transport Plan remains, there needs also to be a new focus on sustainable and inclusive growth. Delivering a transformed transport system that supports a broad range of economic, social and environmental objectives is a significant challenge, but one which is central to the ambition of members, LEPs and pan Northern bodies including the NP11. It becomes even more important in the wake of the current crisis and the need to rebuild a cleaner, more inclusive society.
- 6.2 It follows that devolved budgetary control of the North's investment pipeline will require a different approach to decision making, that can balance economic, environmental and social outcomes, and ensure that pan Northern solutions are fully integrated with plans and strategies at local level.
- 6.3 To that end, TfN has begun developing detailed proposals relating to:
- A revised appraisal system that will target investments that balance transformational economic growth with environmental and social benefits; supported by,
 - An analytical evidence base that illustrates the trajectories required to deliver an absolute zero carbon transport network.
- 6.4 At its meeting on 17 July, the MWG considered a report which set out the short, medium and longer terms actions that TfN intend to undertake in order to deliver on this ambition. A summary of that report is included at [Appendix 3](#).
- 6.5 The MWG emphasised the importance of ensuring that any investment appraisal system reflects an appropriate degree of ambition in TfN's target date for achieving an absolute zero carbon Northern transport network. The draft NTC which was adopted by the TfN Board in September 2019 included a net zero target date of 2050. The clear view of the MWG is that given the climate emergency – as well as the potential opportunity for change presented by the Covid 19 crisis – that date is no longer acceptable.
- 6.6 Options for more ambitious net zero target dates will be developed for consideration by Members in September. This will include initial analysis

of the likely interventions required – including in respect of the TfN investment programme – in order to support differing carbon reduction trajectories. It will incorporate the new challenges and opportunities arising from the current crisis and the need to build a stronger, cleaner and more inclusive recovery.

- 6.7 Development of the detailed proposals will continue through to the end of the current financial year, consistent with the emerging outcomes of the TfN's Decarbonisation Strategy briefed to members at the 12 March meeting of the TfN Board. Finalised proposals relating to this ambition are not regarded as a prerequisite for TfN's Spending Review submission this autumn.
- 6.8 Alongside developing the analysis of decarbonisation, TfN officers will also conclude the development of the TfN appraisal framework and continue to challenge central government approaches to investment decision making via the ongoing review of the Treasury's Green Book.

7.0 Putting Rail Passengers at the Heart of Rail Reform

- 7.1 The draft NTC adopted by the TfN Board in September 2019 outlined two key actions as being fundamental to delivery of this ambition, namely:
- i. Greater accountability of the railway in the North to the people of the North; and
 - ii. Progressive decentralisation of decision-making that allow flexibility for local and regional areas to determine the best way of delivering services to their communities.
- 7.2 Clearly, much has happened over the last year; in particular, the Northern rail franchise failed and was replaced by the DOHL (operator of last resort) arrangements, since when the Covid pandemic has radically changed the public transport landscape. In the meantime, the Government's response to the Williams Review is still awaited.
- 7.3 None of these events changes or diminishes the key principles agreed at the September TfN Board for a passenger led railway. In these circumstances, our focus has been on taking forward the implementation of the Blake-Jones review and continuing to engage and work with the industry so that TfN is ready to participate in wider railway reform as the agenda develop, and progress in respect of both of these activities is overseen largely by the Rail North Committee (RNC), as opposed to the NTC MWG. The RNC is also providing strategic direction to TfN in respect of the next steps in terms of rail reform and the rail devolution agenda.

8 Confirmation of the NTC key principles

- 8.1 The additional work has reinforced the importance of the key principles of the NTC which remain unchanged from those agreed in September.

Following the additional work, we now have a clearer routemap for how a devolved northern budget would be managed, and a clear proposition for the supporting architecture of governance, decision making and robust appraisal processes required to deliver strengthened outcomes and an accelerated programme of infrastructure.

- 8.2 The MWG agreed that the additional work since last September has now reached a natural conclusion and should be brought to a close with an updated NTC report. The need to finalise and agree this work now becomes more urgent in the wake of the tight timetable for the Comprehensive Spending Review due to conclude this autumn. The principles of the NTC should form the key asks of TfN's spending review submission in September.

9.0 Northern Transport Acceleration Committee

- 9.1 On 23 July, the Government announced the formation of a 'Northern Transport Acceleration Committee' (NTAC), the stated aim of which is to speed up delivery of transport schemes across the region. TfN welcomed this announcement, insofar as it enables the accelerated delivery of much needed Northern infrastructures schemes.
- 9.2 It is, however, important to recognise that, based on our understanding to date of the proposed remit of the committee, its role will be to accelerate scheme delivery but only within the broad parameters of the existing investment decision making and delivery structures, under which all the meaningful levers of control (investment decision making, business case processes, delivery body oversight) are vested in central Government.
- 9.3 NTAC's formation does not, therefore, alter the fundamental contention that underpins the development of the NTC – i.e. that devolution of budgetary control over the investment pipeline for Northern strategic transport infrastructure is a prerequisite to the delivery of the STP outcomes. It follows that, whilst NTAC's formation is to be welcomed as an interim step that could help accelerate scheme delivery, it does not achieve the same end as is sought under the proposals developed under the auspices of the NTC, as summarised in this paper. It may however mean a phased approach to devolution, focussing first on the powers and funding to commission early scheme viability assessments, in effect forming the future investment pipeline, may be the natural first step.

10.0 Comprehensive Spending Review: scope and timetable

- 10.1 The government has announced that it will conduct a Comprehensive Spending Review this autumn. The review will set administrative budgets to 2023/24 and capital budgets until 2024/25, and is therefore the key opportunity to secure additional powers and funding during this parliament. The Treasury has asked for representations by the 23rd September 2020 with the outcome of the CSR announced at the Budget.

- 10.2 The Government has said that the Spending Review will focus on the economic recovery, employment and skills, and the manifesto commitment to “level up” economic opportunity in all parts of the UK. To help frame the government’s approach at the Spending Review, an interim report of the Net Zero Review will be published this Autumn, followed by a final report in the Spring. This timetable is in line with TfN’s own decarbonisation strategy plans agreed in the business plan for 2020/21.

11.0 Next Steps

- 11.1 We propose that:

- In line with our powers we consider the best way to approach Government to make the case for further devolution in advance of the spending review submission. This can use the clear, detailed work undertaken by MWG to illustrate the strength of the proposals to date, and emphasise the consensus across the North as to the way forward.
- TfN officers are updating the existing NTC report as a matter of urgency, based on the agreed positions in this paper. We will clear with members and intend to use as part of the TfN spending review submission in September.

- 11.2 We envisage a need for the Board to consider more detailed spending review proposals and specific funding at the next meeting, before the window for CSR submissions closes at the end of September.

12. Recommendations:

- 12.1 The Board are asked to:

Note the work undertaken to date to develop the Northern Transport Charter, which confirms the key principles of the original work and the need for a devolved Northern budget.

Agree that the work on NTC has now reached a natural conclusion and should now form part of TfN’s Spending Review submission setting out the case for further powers and devolved funding.

Note TfN’s intention to now finalise a report for use in early September – with the detailed draft to be agreed with members in August.

6.0 Appendices:

Appendix 1: Northern Devolved Budget – Proposal Summary

Appendix 2: Decision Making and Governance Framework – Proposal Summary

Appendix 3: Sustainable and Inclusive North – MWG Report Summary

Required Considerations

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	A full Impact assessment has not been carried out at this stage.	Lucy Jacques – Principal Policy & Strategy Development Officer	David Hughes - Strategy and Programme Director.

Environment and Sustainability

Yes	No
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Consideration	Comment	Responsible Officer	Director
Sustainability / Environment – including considerations regarding Active Travel and Wellbeing	One of the key policy areas for the Northern Transport Charter is around an inclusive and sustainable North. The detail is highlighted in Appendix 1.	Lucy Jacques – Principal Policy & Strategy Development Officer	David Hughes - Strategy and Programme Director.

Legal

Yes	No
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Consideration	Comment	Responsible Officer	Director
Legal	Regulation 5 of the Sub-National Transport Body (Transport for the North) Regulations 2018 includes among other	Julie Openshaw – Head of Legal Services	Dawn Madin – Director of Business Capabilities

	powers the power to make proposals to the Secretary of State about the role and functions of Transport for the North.		
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Finance

Yes	No
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Consideration	Comment	Responsible Officer	Director
Finance	The Finance implications of any new powers and responsibilities suggested by the Charter will be considered as part of TfN's forthcoming business/resource planning cycle and aligned to outcome of Comprehensive Spending Review in terms of our allocated future funding for FY2021/22 onwards.	Paul Kelly – Finance Controller	Iain Craven – Finance Director

Resource

Yes	No
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Consideration	Comment	Responsible Officer	Director
Resource	The HR implications of any new powers and responsibilities suggested by the Charter will be considered as part of TfN's forthcoming business/resource planning cycle and aligned to outcome of Comprehensive Spending Review in terms of our allocated	Stephen Hipwell Head of Human Resources	Dawn Madin – Director of Business Capabilities

	future funding for FY2021/22 onwards.		
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Risk

Yes	No
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Consideration	Comment	Responsible Officer	Director
Risk	An initial risk assessment has been carried out and the key risks are included in the Corporate Risks Report. Additional challenges have been highlighted in para 4.3, Appendix 1.	Haddy Njie - Risk Portfolio Manager	Iain Craven – Finance Director

Consultation

Yes	No
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Consideration	Comment	Responsible Officer	Director
Consultation	With Executive Board.	Lucy Jacques – Principal Policy & Strategy Development Officer	David Hughes - Strategy and Programme Director.

Item 12, Appendix 1

Devolved Northern Budget

1.0 Purpose

- 1.1 This appendix summarises the work presented to TfN Board in March on proposals for a devolved northern budget. These proposals are based on the TfN Funding Framework adopted by the Board in September 2018 and were endorsed by the Partnership Board in June 2019. At the time, it was anticipated that these proposals would form the core of TfN's submission to the Spending Review process that was expected to take place in late 2019. The intent is that they will now do so in respect of the forthcoming Comprehensive Spending Review.

2.0 TfN Funding Framework

- 2.1 TfN adopted its Funding Framework as policy at the Board meeting on 13 September 2018. It was produced in recognition of the fact that a key element of the final Strategic Transport Plan would be how the infrastructure proposed by TfN, as set out in the Investment Programme, would be funded over the period until 2050. The Funding Framework provided the funding approach set out by TfN in the Strategic Transport Plan that was approved by the Board in February 2019 and also informs both the Northern Powerhouse Rail business case development process and the work that is being performed on the Strategic Development Corridors.
- 2.2 The approach that TfN adopted to the development of the Funding Framework was grounded in a set of fundamental principles that were agreed by the Partnership Board in December 2016 and subsequently reconfirmed by Partnership and TfN Boards during the following 18 months. TfN convened a Funding Steering Group, consisting of senior finance and strategy officers from Constituent Authorities (and latterly a representative from the CBI). This group met four times and provided invaluable assistance to TfN in the development of its framework. Subsequently TfN's Finance and Strategy Directors undertook individual member briefings with most of the Board membership to share information and canvas views, prior to the Funding Framework being taken to board for discussion and, finally, decision.
- 2.3 The TfN Funding Framework includes the following elements:
- a) The Principles – which underpin a deliverable and appropriate funding arrangement;

- b) The Potential Funding Sources – demonstrating that TfN’s funding requirement is reasonable;
- c) The Governance Arrangements that will enable funding allocated for strategic transport infrastructure in the North to be directed to TfN programmes; and
- d) How Financial Risk is managed.

2.4 The Funding Framework also sets out the parameters within which the allocation and management of the financial resources required to deliver the objectives of the Strategic Transport Plan will be undertaken.

2.5 The key points to note within the TfN Funding Framework are as follows:

- a) The total funding envelope identified by TfN is deliverable within the context of a reasonable expectation of what funding might be made available. This is consistent with the National Infrastructure Commission’s position as set out in the National Infrastructure Assessment.
- b) TfN does not currently have the power to capture value created by its promoted interventions – where these powers do not sit nationally, they sit locally with TfN’s Constituent Authorities or other local authorities. These local authority powers have principally been granted to fund activity on a local rather than a regional basis. Where local plans are sufficiently developed, it is clear that those local powers will be fully utilised funding transport infrastructure within authorities and cannot be expected to fund strategic (i.e. national) infrastructure.
- c) The TfN Funding Framework will be integrated with the pipeline of programmes and projects that is presented by TfN in the Strategic Transport Plan and the accompanying Investment Programme.
- d) The TfN Funding Framework also identifies where residual risks sit in relation to the funding of TfN promoted interventions and how this will be managed. Neither TfN nor its Constituent Authorities are in a position to back-stop the risks associated with TfN’s proposals and therefore as things stand this role will need to be taken on by central government. However, TfN could become the owner of programme risks, which would mirror some of the effects of financial risk taking.

2.6 The Funding Framework explored a number of options which focused on how funding should be managed rather than its level *per se*. The recommended option was a devolved TfN budget, giving TfN control over a long-term funding settlement for pan modal strategic transport infrastructure in the North. This was the position adopted in the Strategic Transport Plan.

3.0 The preferred outcome – a Northern Devolved Budget

- 3.1 Rebalancing, and in particular “levelling up”, the UK economy will require both a broad range of policy approaches and, as set out most recently by the 2070 Commission, significant levels of resources to be allocated over an extended period. At a macro level, the implications of rebalancing and “levelling up” are such that the North will need ongoing investment in economic infrastructure which is at the upper end of whatever fiscal rules are adopted by central Government – the current fiscal remit is 1.0-1.2% of GDP.
- 3.2 The aim is to work towards a situation where the North has a single budget for strategic transport schemes that it manages. In essence, the North agrees a ‘deal’ with Government for a five year plus funding settlement against a clear set of outcomes. Government agrees a package of interventions with the North, based on a programme-level appraisal of value for money, driven from TfN’s Analytical Framework to support transformational economic growth, and gives the North the ability to manage the delivery of the programme.
- 3.3 Due to their scale and national significance large individual schemes, such as NPR, would be excluded from this approach. Local transport schemes (non-MRN road, road maintenance, active travel, bus priority and road safety schemes) are also excluded from this approach as it is assumed that these will continue to be developed through future iterations of the LGF and/or devolution settlements. However, TfN is also aware that its constituent authorities are also asking for unringfenced, longer term settlements too, to align with this approach.

4.0 What would be needed?

- 4.1 In the long-term, TfN is working towards a long-term Northern funding settlement that will enable Members, acting through the TfN Board, to make investment decisions in relation to infrastructure investment based on Northern priorities.

This would include:

- A devolved settlement covering Strategic Transport Investment
- Pan-modal and Multi-year funding settlement (through allocation or a “Barnett” style formula).
- Baseline mechanism to encourage local funding approaches.
- Pursuing the agreement of a “double / triple-lock” style guarantee from central government to safeguard a minimum increase of budget growth over the medium to long term. As per 6.2 this would need to be sufficient to make up for past underinvestment and allow the government’s “levelling up” agenda to be delivered.
- Clear appraisal criteria focused on inclusive and sustainable transformational economic growth.

- Evidence based decision making within clear and transparent governance processes to promote Value for Money.
 - Robust financial risk management arrangements.
- 4.2 This does not require TfN to be a delivery body for now – work would continue to be carried out by national agencies or TfN partners / local authorities. Such an approach would, however, meet the key criteria identified in the Strategic Transport Plan in that it would allow Northern leaders control over investment decisions.
- 4.3 There are a number of challenges that will need to be acknowledged and addressed if we are to proceed to this level of devolved responsibility in the medium-term. These challenges would include:
- The need to build capacity and capability within TfN to deliver investment funding and demonstrate a track record of delivery to partners and government over time.
 - Establishing an agreed baseline of funding for northern transport investment, and regularly agreeing a minimum level of future funding going forward that TfN should be targeting, such as that highlighted in the STP and Investment Programme.
 - The need to agree the approach with Government and resolve potential issues around administrative and legal arrangements, financial risk management and interfaces with both national agencies and local partners.
 - Transitional arrangements from current industry processes to the proposed devolved funding.
- 4.4 These challenges can be addressed over time, recognising that TfN and its partners need to continue to develop proposals at the same time as they engage with industry processes.

5.0 Next Steps

- 5.1 Recognising this, the 2020 Spending Review provides an ideal opportunity for TfN to address these challenges, whilst at the same time taking an important step towards developing and being responsible for a northern transport infrastructure pipeline, based on the following proposal:
- TfN is allocated a budget which is used to develop a pipeline of projects through to a state of readiness that would allow them to be funded.
 - TfN would become responsible for the development phase of a specified number of projects, identified through the sequencing work on the Investment Programme.

- The funding would be used principally to engage national agencies, partners, or other consultants, to do work on our behalf (subject to baselining to avoid displacement of existing agency budgets).
- This funding would be drawn down as required from an annual allocation based on an agreed minimum targeted increase in the funding envelope.

5.2 This would allow TfN, on behalf of the North of England, to create a fundable, evidenced based pipeline of projects to drive economic growth and improve quality of life, on an inclusive and sustainable basis.

Ends

Item 12, Appendix 2

Decision Making and Governance Framework

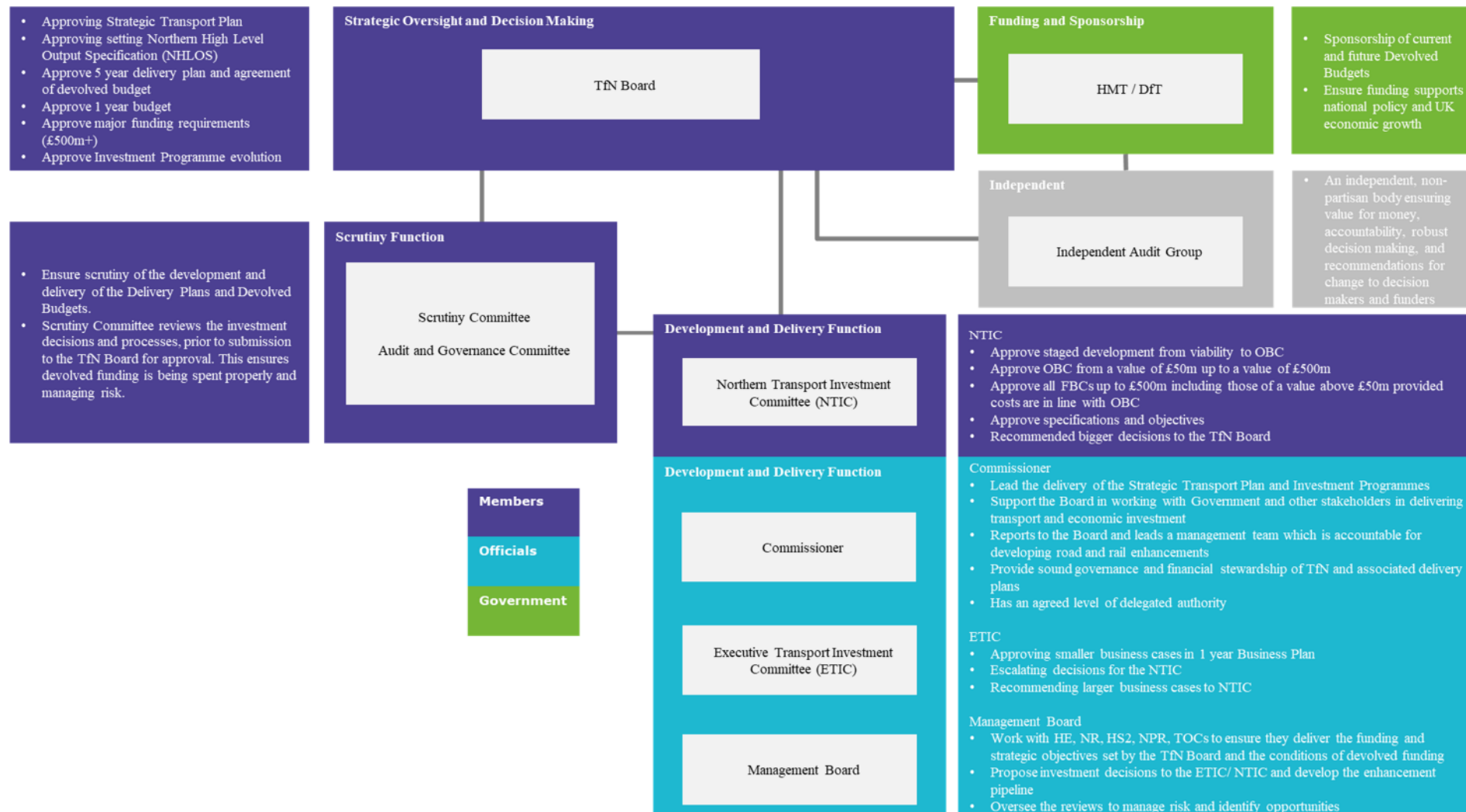
1.0 Purpose of this appendix

- 1.1 Both the Strategic Transport Plan and the Northern Transport Charter make clear that TfN should seek a position where it agrees and takes responsibility for a long-term, multi-modal funding budget. This would be underpinned by a revised governance and decision-making structure.
- 1.2 This appendix recaps in summary the key elements of the proposed governance and decision-making structure, developed under the auspices of the Member Working Group, and as discussed by the TfN Board at its 12 March 2020 meeting.
- 1.3 It is recognised that demonstrating how effective investment decision making could be implemented will be a critical element of the case to Government for a devolved budget. The proposals developed to date, as summarised here, are intended to be relatively high level. They set out key principles, which would form the basis for further development at the appropriate time, targeting a process that speeds up progress of projects whilst retaining rigorous decision making.

2.0 Proposed decision-making framework – recap

- 2.1 The key elements of the proposed new governance structure are summarised in Figure 1 below:

Figure 1 – Initial Proposed New Governance



- 2.2 The proposed roles and forums identified in Figure 1 are described briefly below:

HM Treasury and DfT

As set out previously, TfN recognises that Government will still play a role in TfN through the sponsorship of current and future Devolved Budgets. They will need to ensure funding supports national policy and UK economic growth.

TfN Board

Made up of the 20 constituent authorities and co-opted members, the Board would be the ultimate decision-making body for enhancement decisions, across road, and rail track and train services in the North. It would approve the Strategic Transport Plan, and the specification and objectives of the funding of the multi-year, multi-modal budget. Major funding and project requirements would be approved by the Board. Crucially, the decision as to which projects are included in the overall Investment Programme would reside with the Board. The Board would also hold overall accountability for ensuring that TfN and Delivery Partners are delivering on the strategic outcomes agreed by the Board.

Northern Transport Investment Committee (NTIC)

Recognising the increased responsibilities and oversight would have, it is proposed a Northern Transport Investment Committee is established. Made up of members, they would have an agreed level of delegation to progress schemes through the enhancement pipeline. An agreed capital value of the scheme would be set, with anything above this being escalated to TfN Board for approval.

Commissioner

With Delivery Bodies now accountable for delivering enhancement schemes in the North through TfN funding, a Commissioner role would be established. The role would ensure that the ambitions and direction of the Board is undertaken by the Delivery Bodies. The Commissioner would support the Board in working with Government and other stakeholders in delivering transport investment. The Commissioner would be the point of call for the Board and leads a management team which is accountable for developing road and rail enhancements. On a working basis, they would also have an agreed level of delegated authority to progress work programmes.

Executive Transport Investment Committee (ETIC)

This would provide similar functionality to DfT's BICC committee which reviews business cases, allocates development funding, and makes recommendations to Ministers for approval. With a devolved budget, and a strengthened governance, a Committee, chaired by the Commissioner and made up of transport leads from TfN's partners, ensuring local input from TfN's partnership. They would sign off business cases up to a delegated amount, with larger decisions escalated to the NTIC and/or TfN Board for consideration.

TfN Management Board

At an executive level, there would be a level of delegation for approval, as is the case for TfN currently, but larger decisions would be escalated to ETIC and potentially onwards to NTIC/TfN Board. The Management Board would also ensure that all work programmes by the delivery partners enhancement programmes, both track and train, are feeding in to and updating on progress to the TfN Board and NTIC. This increased working level coordination of delivery bodies should identify and manage risks and put in place mitigation measures.

Independent Audit Group

As has been the case with other statutory bodies with multi-billion pound programmes, and conditions of other devolution deals, an Independent Audit Group function would need to be established and align with a revised TfN Assurance Framework. This would set out a programme of evaluation, potentially agreed at the outset with HM Treasury as the funder, and would undertake regular independent assessments of the economic benefits and impacts of the investments made under the enhancement pipeline and multi-year funding periods, including whether the projects have been delivered on time and to budget.

They provide independent assurance and expert advice to the Board concerning the Investment Programme. This would allow the Group to take a wholistic view of TfN's Investment Programme and ensure good governance and assurance, whilst allowing day to day decisions making to be made by TfN and Partners. This is akin to TfL's Independent Investment Programme Advisory Group (IIPAG) and Audit Scotland's role in looking at the performance of Transport Scotland.

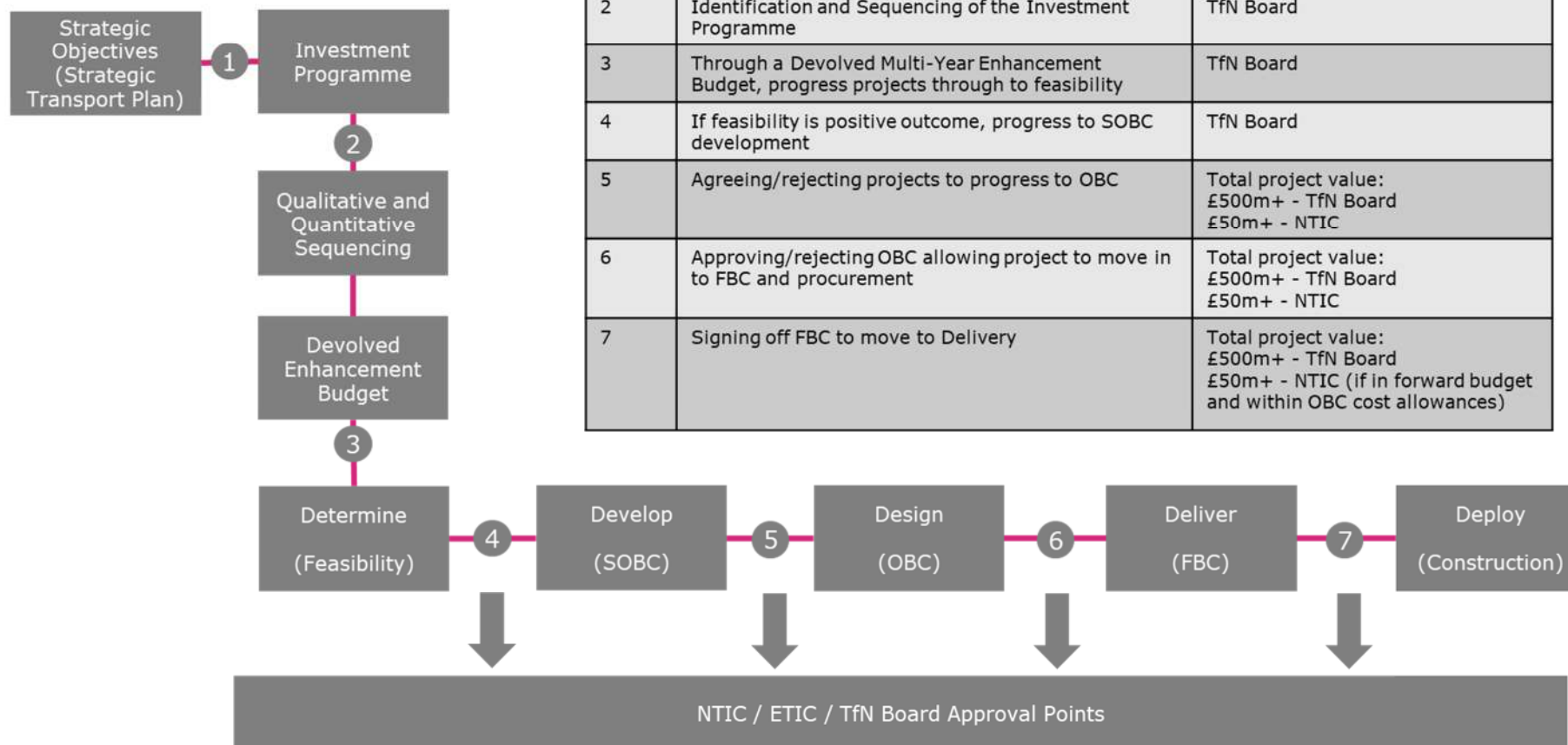
Scrutiny Committee and Audit and Governance Committee

As is the case already in TfN's governance, these committees, made up of constituent members and some independent members, will scrutinise the development and delivery of the Delivery Plans and Devolved Budgets. Scrutiny Committees could review the approach to investment decisions and could receive copies of reports generated by the Independent Audit Group.

- 2.3 Figure 2 below sets out the key stages in an outline investment decision making cycle, summarising how the Board and Committees above align with this process at a high level:

Figure 2 – 7 Stages for Investment Decision and Business Case Approval

7 Stages of Delivery



- 2.4 A key element of the decision lifecycle set out above is that the initial and key prioritisation decision about what gets included in a TfN Investment Programme and thereafter taken forward into development and delivery. The primary function of NTIC would be as a Board level assurance forum as schemes progress through key 'stage gate' in the delivery lifecycle. The decision to terminate a scheme as a result of a 'stage gate failure' could be reserved to the full Board, based on an NTIC recommendation.
- 2.5 With increased devolved funding, there is the assumption that there will need to be increased TfN operational funding to support the development and approval of business cases in an efficient and effective manner. TfN's new model is not intended to increase local authority officer resource, who are doing important work to make the case for improvements on their local transport networks. This is intended to support and complement local work and priorities, through the policy and analytical work.

3.0 Conclusion

- 3.1 The proposed decision-making framework which has been developed could be described as 'industry standard'. It has been developed at this juncture to a level of detail sufficient for agreement of broad principles. Much detail would still need to be worked through with Members and their officers (e.g. financial thresholds in any scheme of delegation, which for the time-being should be treated as illustrative), and with Government, as part of broader set of negotiations around devolved budgetary control.

Item 12, Appendix 3

Sustainable and Inclusive North

1.0 Purpose of this appendix

- 1.1 This appendix summarises the paper discussed at the Member Working Group on the 17th July 2020. Taking responsibility for an investment budget will allow a new approach to decision-making which will allow a bespoke Northern appraisal framework and supporting evidence base that fully reflects members priorities for an inclusive and sustainable North.

2.0 Background and context

- 2.1 Devolution of budgetary control over the long-term investment pipeline for Northern strategic transport infrastructure is not an end in itself. Rather, it is a means of ensuring the outcomes set out in the STP as adopted by the TfN Board in February 2019. Members have also been clear that whilst the level of economic ambition in the Strategic Transport Plan remains, there needs also to be a new focus on sustainable and inclusive growth. Delivering a transformed transport system that supports a broad range of economic, social and environmental objectives is a significant challenge, but one which is central to the ambition of members, LEPs and pan Northern bodies including the NP11. It becomes even more important in the wake of the current crisis and the need to rebuild a cleaner, more inclusive society.
- 2.2 It follows that devolved budgetary control of the North's investment pipeline will require a different approach to decision making, independent of central government processes, that can balance economic, environmental and social outcomes, and ensure that pan Northern solutions are fully integrated with plans and strategies at local level.
- 2.3 To that end, TfN has begun developing detailed proposals relating to:
- A revised appraisal system that will target investments that balance transformational economic growth with environmental and social benefits; supported by,
 - An analytical evidence base that illustrates the trajectories required to deliver an absolute zero carbon transport network.

3.0 What is required?

- 3.1 TfN has now developed a clear roadmap for developing an inclusive and sustainable growth framework. The roadmap aims to outline what is proportional and feasible for TfN to do now with our current resources and sphere of influence, while also identifying what can only be delivered with further funding and devolved powers.
- 3.2 In the short term TfN will focus on the activities which will add value and accelerate investment in transport schemes, focus on delivering evidence and analysis and embedding that within our own decision making processes, whilst influencing national government and delivery bodies to ensure that the North is fairly represented in investment decision making. We will continue to work collaboratively with organisations across the North to deliver on shared objectives.
- 3.3 In discussing the proposals for the framework, the MWG:
- Identified the need to build health and wellbeing into the framework, building on the approach undertaken by the Welsh Government and other bodies;
 - Emphasised the need to reflect the implications of the current crisis, the economic recovery and the stated intention to “build back better”;
 - Expressed a clear view that given the need for action on climate change – as well as the potential opportunity for change presented by the Covid 19 crisis – TfN should consider a net zero carbon date earlier than the current commitment of 2050.

The remainder of this paper sets out the short, medium and long term activities required to develop and run a framework, building on the significant progress already underway.

4.0 Immediate priorities for TfN

- 4.1 In the short term, new analysis and changes to the appraisal system can refocus TfN’s programmes over the next five years and help make the case for transport investment and influence reform of government and industry processes. The organisation has developed strong analytical tools that can fully represent the economic, social and environmental benefits from investing in the North’s economy. In many areas TfN is now at the leading edge of the debate and in a strong position to influence national government thinking and practice.
- 4.2 We will therefore:
- Complete the work on the TfN Analytical Framework in 2020/21 and fully embed that analysis to support investment in the North. And

we will develop new measures including wellbeing allowing them to be added to our governance and decision making processes.

- Influence the current review of the Green Book to fully reflect the levelling up agenda and encourage better decision making in government on national infrastructure projects.
- Review and consider endorsing the recommendations of the 2070 Commission on regional growth
- Build the evidence base to support informed decisions at national and local level on what's required to achieve rapid decarbonisation and when, meeting the STP commitment to scope and develop a decarbonisation pathway.
- Develop an environmental policy toolkit to outline environmental principles and standards which all transport infrastructure schemes in the North would need to consider;
- Finalise our work on future scenarios and carbon neutral pathways to inform the strategic direction of TfN in the wake of the current crisis, and to take early decisions on the approach to specific focused carbon objectives.
- Continue to support partner authorities on local masterplanning activity and local growth strategies, so that transport proposals are fully integrated with wider place-based development including housing, skills and spatial plans.
- Explore opportunities for more inclusive policy making, including the possible use of citizens panels working with other pan Northern bodies.

- 4.3 Taken together these activities will collectively ensure that TfN takes significant steps towards a genuinely inclusive and sustainable strategy under current powers. We will also consider what else TfN needs to do to align the investment programme with other policy areas at local, Northern and national level, within the scope of existing powers and resources, particularly in support of wider economic recovery planning in the North.

5.0 Developing the Framework

- 5.1 These activities *could* be delivered within TfN's current limited powers and funding but can be flexed to accommodate further devolution over time. Once the evidence base is complete, further decisions will be needed from the Board to set clear goals and objectives (for example on mode shift, inclusive growth, wellbeing and biodiversity) to achieve a rebalanced Northern economy.
- 5.2 Key activities in this phase (commencing in the next business year 2021/22) would include:
- 5.3
- TfN will develop an agreed multi criteria analysis process that can apply the TfN evidence base systematically across the transport appraisal process, business case development, assurance frameworks and scheme prioritisation. This will be at the heart of

new and different way of making decisions – in effect creating a triple bottom line: the economy; the environment; and inclusivity.

- TfN should work with the NP11 and other pan Northern bodies to update the Northern Powerhouse Independent Economic Review so it fully reflects broader societal outcomes as well as GVA and jobs.
- Build in a broader range of user views into our frameworks, building on the inclusion of Transport Focus to the Partnership Board with new innovations such as considering a Citizens' Panel and further development of measures on wellbeing and asset-based valuation of natural and social assets.
- Start to share TfN's transformational analytical tools and models more widely with partner authorities and industry bodies to ensure a level playing field for case making and scheme development across the North. Over time, this offer could be extended to bodies developing proposals for clean energy, housing, regeneration and skills, health and wellbeing to ensure we have a joined-up approach to investment decision making.
- Push forward on low carbon pilot projects such as battery trains, hydrogen trains, hydrogen/electric buses and hydrogen/electric HGV. The need to pilot and test is essential to push forward so that emerging technologies become proven technologies allowing adoption over time.

5.4 These activities can proceed now with TfN's current powers whilst providing a flexible foundation for longer term devolution, without the need for significant reworking.

Ends