

**Item 9.1 – Appendix 1**

# Memorandum of Understanding

## Northern Powerhouse Rail Governance

# **DRAFT**



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## Version Control

Version	Date	Comment
0.1	13/02/2020	Draft agreed at working level
1.0	28/02/20	MOU agreed at Audit and Governance Committee

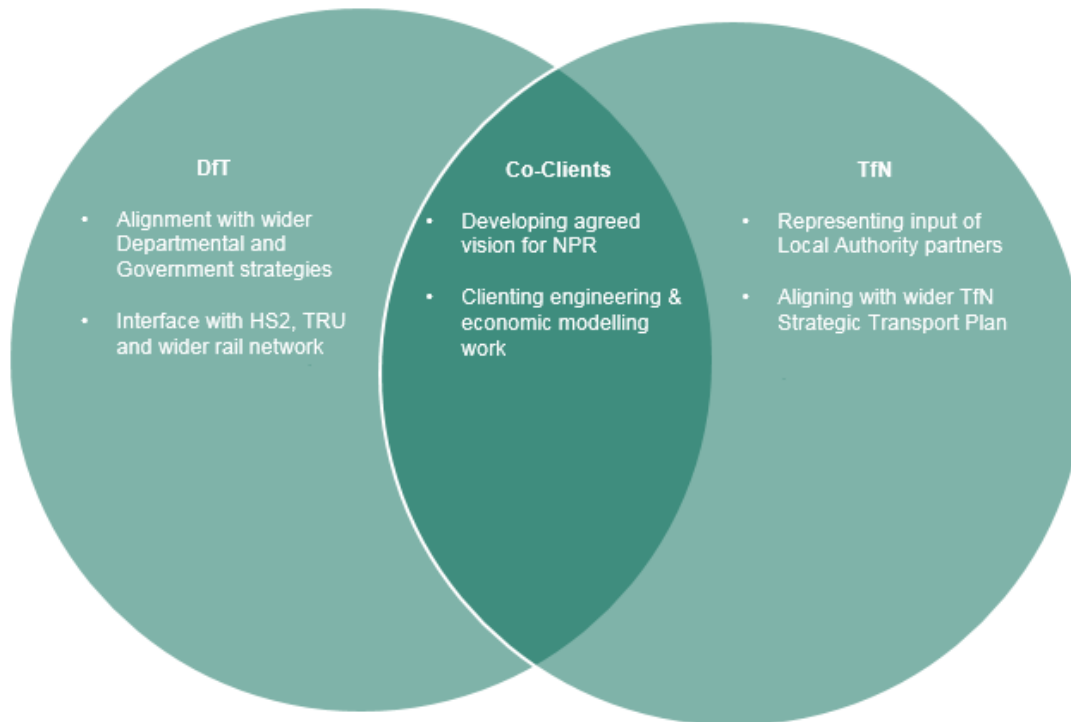
Next review date: January 2021

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## The Co-Clienting Arrangement

Transport for the North (TfN) and the Department for Transport (DfT) are working in partnership to develop Northern Powerhouse Rail (NPR). In the current stage (to early 2021) TfN and DfT are working to produce a Strategic Outline Case for NPR which will contain a preferred network agreed between TfN and government.



Delivery Partners (Infrastructure Development)



HS2

- TfN is England's first statutory sub-national Transport Body, formed to transform the transport system across the North of England, providing the infrastructure needed to drive economic growth.
- TfN works as a partnership, bringing together the North's 20 local transport authorities and business leaders.
- The NPR programme is 'co-cliented' between TfN and DfT.
- The co-clients work alongside delivery partners, Network Rail and HS2 Ltd, remitted by TfN and DfT respectively.

## **Governance Responsibility Assignment Matrix (RACI)**

Supporting this vision and the objectives defined in the Strategic Transport Plan, and as the flagship programme for TfN, NPR is a major rail programme designed to unlock the economic potential of the North. It will provide a much-needed transformation for rail services in the North making it easier to move between the region's towns and cities.

Featuring new and significantly upgraded railway lines, it is an investment in infrastructure that will deliver benefits to the economy, quality of life, education and the environment. It would be the region's single biggest transport investment since the Industrial Revolution.

Through 2019 and 2020, TfN, working alongside their co-client DfT, are developing the Strategic Outline Case for NPR. This will outline the wider economic and policy context for the programme, the case for change, programme objectives, an assessment of alternatives, programme impacts and the process for a detailed options assessment.

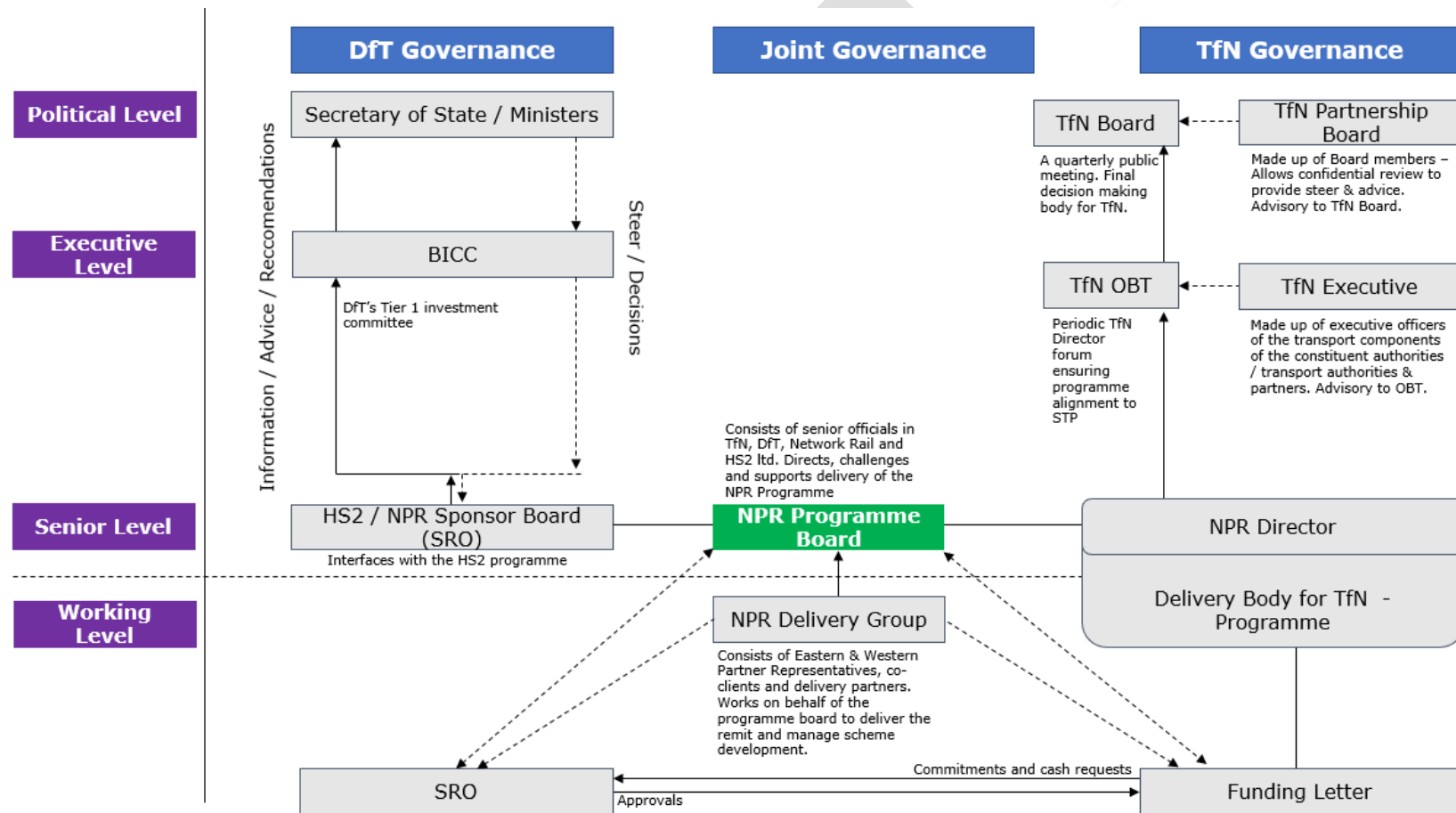
This document sets out how the co-client relationship between TfN and DfT will work to enable all stakeholders, alongside central government, to be sighted on development of the programme and involved in key decisions throughout the development process.

This document should be read in conjunction with the overarching Memorandum of Understanding (MoU) between TfN and the DfT which can be accessed in Appendix A.

	<b>R</b> <i>Responsible</i>	<b>A</b> <i>Accountable</i>	<b>C</b> <i>Consulted</i>	<b>I</b> <i>Informed</i>
<b>Develop, set and amend policy</b>	TfN, DfT	DfT	TfN, Partners	TfN
<b>Set Funding Envelopes</b>	DfT	DfT	TfN, NR, HS2	TfN, Partners, NR, HS2
<b>Approval of TfN Business Plan / Budget</b>	TfN	TfN	DfT, NR, HS2, Supply Chain	-
<b>Agreement of detailed work programmes / remits / changes</b>	TfN, DfT	DfT	NR, HS2, Supply Chain	-
<b>Funding drawdown (payment / transfer)</b>	TfN, DfT	DfT	-	-
<b>Delivery of agreed work programmes:</b>				
HS2	TfN, DfT	DfT	NR, HS2, Supply Chain	Partners, Stakeholders
Network Rail & supply chain	TfN, DfT	TfN	NR, HS2, Supply Chain	Partners, Stakeholders

## NPR Programme Governance

The process chart below depicts the Governance arrangements and information flow across the TfN and DfT organisations.



The core activities referenced in the *NPR Programme Governance* chart above are summarised below.

## 1. Develop, set and amend Policy

<b>R</b>	<b>A</b>	<b>C</b>	<b>I</b>
TfN, DfT	DfT	TfN, Partners	TfN

TfN operates within a national policy legislative and governance framework, that is managed through DfT and for which the Secretary of State (SoS) is responsible to parliament. This means that the SoS is accountable for the development, adoption and amendment of policy to the extent that these affect the NPR Programme.

As per section 2.1 of the TfN constitution, TfN has been established to provide a single voice for the North, to facilitate the development and implementation of transport strategies in the North. The principal policy role of TfN Board in relation to NPR is to provide statutory advice to the SoS. In addition, TfN officers consult and obtain direction from the TfN Board, which is considered in the decision-making process of the NPR Programme Board.

It is the role of the TfN Operations Board, through the Chief Executive Officer (CEO) and NPR Director, to advise the TfN Board on matters of NPR policy. Likewise, it is the role of the Senior Responsible Officer (SRO) within DfT working with senior officials to advise the SoS.

The member organisations of TfN and other Northern local authorities are consulted on policy development both through their membership of TfN and its working arrangements, and direct engagement, with the DfT.

## 2. Set funding envelopes

<b>R</b>	<b>A</b>	<b>C</b>	<b>I</b>
DfT	DfT	TfN, NR, HS2	TfN, Partners, NR, HS2

The development work on NPR is funded entirely from central Government sources. Further the delivery of the programme is also likely to be wholly, or substantially, paid for by central Government. Securing the level of NPR funding from HMT, is therefore the accountability of the SoS.

TfN is consulted by DfT regarding the resourcing that is required to deliver the policy objectives agreed in Section 1 above. Advice on the required funding envelope for NPR is then provided to the SoS by the NPR SRO through departmental processes.

### 3. Approval of TfN Business Plan / Budget

<b>R</b>	<b>A</b>	<b>C</b>	<b>I</b>
TfN	TfN	DfT, NR, HS2, Supply Chain	-

The Memorandum of Understanding that was agreed between TfN and DfT in 2018 requires a business plan to be completed as a prerequisite for funding to be released each year.

TfN is accountable for developing a Business Plan and associated budget for NPR that aligns with the funding envelope provided by the SoS. In preparing the Business Plan, TfN will consult with departmental officials and key elements of its supply chain including NR and HS2.

### 4. Agreement of detailed work programmes / remit / changes

<b>R</b>	<b>A</b>	<b>C</b>	<b>I</b>
TfN, DfT	DfT	NR, HS2, Supply Chain	-

Before it can commit, either through recruitment of staff or procurement of services, to the delivery of the activity set out in its Business Plan, TfN must gain approval for the drawdown of the required funding from the budget holder (i.e. the SRO) within the DfT. Whilst the budget sets the direction of the required expenditure, the detailed supplier remits and TfN workplans are agreed between DfT and TfN as the programme develops.

The detailed process for the draw-down of funds is set out in a funding agreement between TfN and the DfT. Funding is released by DfT on a 'line-by-line' basis and must be utilised for the purpose for which it was allocated, subject to the utilisation of surplus funds being agreed with the department.

The DfT is therefore accountable for the agreement of detailed work programmes and remits. TfN officers work closely with departmental officials to identify the work that is required and agree the most efficient way of delivering that work, subject to funding conditions. The production of these remits requires consultation with delivery partners and the supply chain. The formal forum for the agreement of remits is the NPR Programme Board, which includes representation from DfT and TfN (including the SRO and NPR Director), Network Rail, and HS2.



## 5. Funding drawdown (payment / transfer)

<b>R</b>	<b>A</b>	<b>C</b>	<b>I</b>
TfN, DfT	DfT	-	-

Once activity has been agreed, and agreed in principle, at Programme Board TfN then provides a funding request letter to the DfT. This request details activity to be funded down to budget line level and where possible includes reference to the minutes from the relevant Programme Board where the activity was discussed. The funding is only released once the SRO is satisfied with the contents of the letter. The DfT is therefore accountable for the payment of funds to TfN, TfN and DfT are responsible for agreeing drawdown requests.

## 6. Delivery of agreed work programmes:

	<b>R</b>	<b>A</b>	<b>C</b>	<b>I</b>
HS2	TfN, DfT	DfT	NR, HS2, Supply Chain	Partners, Stakeholders
Network Rail & supply chain	TfN, DfT	TfN	NR, HS2, Supply Chain	Partners, Stakeholders

The elements of the funding envelope that are allocated for HS2 to deliver work in relation to the NPR programme are procured by the DfT directly with HS2. The remitting of HS2 is discussed between TfN and DfT but the direction, management and monitoring of HS2 is carried out by the DfT. DfT is therefore accountable for the delivery of HS2 work programmes.

The elements of the funding envelope that are allocated for NR and the wider supply chain to deliver work in relation to the NPR programme are procured by TfN. The management and monitoring of NR and other suppliers are carried out by TfN, in line with the remitting and funding releases agreed with the department; TfN is therefore accountable for the delivery of these work programmes.