

Date: Friday 11 April 2025

**Rt. Hon Rachel Reeves MP**  
Chancellor of the Exchequer

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cc.  
Rt. Hon Heidi Alexander MP  
Secretary of State for Transport

Rt. Hon Angela Rayner  
Deputy Prime Minister

Dear Chancellor,

**Re: Spending Review 2025**

The Government has placed transport's role as an enabler of sustainable economic growth at the heart of its agenda. An efficient, high quality, safe, integrated and decarbonised transport system that connects people and places is fundamental to everyday life.

The evidence base assembled by Transport for the North (TfN) in support of its Strategic Transport Plan (STP) sets out the scale of the opportunity that exists across the North, but also the challenges our communities and businesses face.

The STP, adopted by the TfN Board in March 2024, sets out the scale of its ambition for the North. Improved connectivity between the great cities and towns across the North, and beyond to the rest of the country, is central to realising that ambition.

Whilst it is acknowledged that the fiscal environment is challenging, investing in our transport system (both infrastructure and services) is central to enabling delivery of the Government's Missions.

**In this context, transport expenditure should, at the very least, be protected in the Spending Review.**

Increasing investment to transform connectivity across the North remains a priority for the UK given that it will:

- Realise an additional £118bn GVA per annum
- Improve social inclusion by increasing access to affordable transport choices
- Reduce the environmental impact of transport by providing more sustainable transport choices

The Spending Review (and the associated 10-year investment strategy and pipeline) must explicitly recognise that transformation of the North's transport

system will require a long-term commitment to increase overall investment in the North, one that extends beyond a single parliamentary cycle.

Such a statement of intent by the Government as part of the Spending Review will help give greater confidence to investors.

This submission focuses on issues of pan-regional significance and is shaped by the priorities set out in the STP adopted by the TfN Board. It complements the submissions of the Mayoral Combined Authorities (MCAs), County Combined Authorities (CCAs) and Local Transport Authorities (LTAs) that form TfN.

### *Reaffirming Existing Commitments*

The Spending Review must commit the capital funding required to complete schemes already in delivery, or on the verge of a start of works. This will ensure that the benefits to the economy of that investment are realised at the earliest opportunity, whilst also minimising the risk of cost inflation.

Schemes of significance to the whole of the North that lie in this category include:

- Completion of the **TransPennine Route Upgrade** programme currently in delivery
- Extension of the **Midland Main Line** electrification through to Sheffield
- Completion of the full dualling of the **A66 Scotch Corner to Penrith**
- **Leamside Investment Corridor** – including reopening of the Leamside Line, an integral component of the Growth Plan for the North-East, and essential to providing additional capacity on the East Coast Main Line
- A start on site for the **West Yorkshire Mass Transit**
- The renewal and extension of the **South Yorkshire Tram System**

In addition, there is a need for the Government to address difficulties encountered by MCAs/CCAs/LTAs in promoting schemes included in the Major Road Network (MRN)/Large Local Major (LLM) investment programme endorsed by the previous Government.

Specifically, where there has been a substantial increase in the capital cost of a scheme after agreement of the Outline Business Case as a result of significant inflationary pressures, the Government should reaffirm that it will work with the promoting authority to agree a revised cost-sharing arrangement to help meet additional costs.

A key issue, recognised by the previous Government, is that in the absence of such an arrangement, any increase in scheme cost at the Final Business Case must be borne solely by the promoting authority. In these circumstances, schemes are at risk of being deferred and the economic and wider benefits associated with it are being lost.

In addition to continuing to support these capital investments, it is also essential that the Spending Review continues to allocate the revenue investment required to maintain rail services across the North at current levels.

TfN continues to work with the Government to secure the agreements and additional funding that will enable the stabilisation of services operated by

Northern Trains. Without a reliable railway in the first instance, it will not be possible to rebuild the confidence and trust amongst customers to rely on the North's railway services.

Once the investment has been made to stabilise Northern, TfN and its constituent authorities will work with the rail sector to unlock the suppressed demand for rail services across the North and increase revenues that ultimately will help reduce the scale of Government support required. Rail reform enhances that opportunity by enabling MCA partners to improve the integration of rail services with other local public transport, creating more choice/options for users.

The work of the Northern Powerhouse Independent Economic Review (NPIER) – which underpins the STP and shaped the Manifesto for the North prepared by the Convention of the North – provides the evidence as to why improving the connectivity between the North's cities and towns (and beyond) is critical for both individuals and businesses. Rail services in particular provide vital connections to city regions, town and many rural areas, both supporting the visitor economy and helping to tackle transport related social isolation data from our train operators supports this argument, showing that, notwithstanding the current challenges, every £1.00 of revenue investment in rail services unlocks at least £4.00 of wider social and environmental benefits.

### *Strengthening the Foundations*

The STP sets out the agreed economic, social and environmental outcomes that reflect the ambition of the North's Political Leaders.

Achieving these outcomes requires a shift in mindset as to how we identify, develop and then deliver transport solutions.

In this context, TfN welcomed the Government's commitment to develop the Integrated National Transport Strategy (INTS). TfN will continue to work with officials across government departments to ensure that the data, assessments and tools held by TfN are available to support the development of that Strategy.

The Spending Review represents an opportunity to build on the Government's commitment to devolution by default. In terms of actions that would further support implementation of the STP, the Spending Review should:

- *Provide even greater clarity on the level of funding available to transport authorities, along with the flexibilities to determine local investment priorities*

TfN has consistently called for all authorities to benefit from 5-year funding allocations **and** an indicative funding envelope for the subsequent 5-year period. The work of the National Infrastructure and Service Transformation Authority (NISTA) [previously National Infrastructure Commission] is framed by guidance from the Treasury as to the likely level of public investment over a 25-year timeframe. It should therefore be possible to provide all transport authorities with indicative funding envelopes that extend beyond the immediate parliamentary term.

Equally, those funding envelopes must provide the flexibilities to determine local spending priorities. We've seen the opportunities that a 'single settlement' and City Region Sustainable Transport Settlements (CRSTS) can bring for the more established MCAs. We want to continue, and specifically see equivalent arrangements for the newer MCAs, ensuring they have the

freedom to make local investment choices in line with their local Growth Plan and Transport Plan.

- *Embed the principle that the appraisal of investments properly reflects the wider social and environmental benefits of that investment.*

Fundamental reform of our approach to appraisal is required in order to enable the Government's policy objectives to be better reflected in investment decisions. And in reforming the approach to appraisal there is a need for Government to explicitly recognise that the driver in the North (realising economic potential) is different from that in London and the South East (dealing with overheating).

Investment in improved connectivity is key to enabling younger people gain access to education, skills, training and employment, and can help older people enjoy an independent lifestyle for longer. Our approach to appraisal must be capable of capturing wider benefits such as these.

TfN has worked with its partners to identify how flexibilities that already exist within the 'Green Book' might be utilised to improve the existing appraisal process to better reflect the wider benefits that investment in the North brings. This work - the Northern Appraisal Playbook - has been shared with HMT in a separate submission.

- *Commit to additional investment in the capacity and capability of the public sector to identify, develop and deliver investment in our transport system.*

The analytical, policy and research capability held within TfN is highly valued, providing access to specialist capability that complements that held by its constituent authorities. Access to TfN's knowledge and experience is available through the 'TfN Offer'. Originally launched in September 2023, TfN has responded to over 155 requests for support, with all TfN's constituent authorities using the Offer, as well as public and private sector bodies from across the country.

Estimated to have already realised direct savings to the public purse in excess of £0.65m, demand for the TfN Offer continues to grow both across the North and beyond; a demonstration of the need for additional investment in capacity and capability within the public sector.

Experience across the North shows the investment in TfN's technical capability and capacity complements the devolution of powers and money to MCAs. Specifically, experience shows that that capability and capacity has an important role to play in providing MCAs/CCAs with access to specialist technical skills that would otherwise be secured from the private sector. An added benefit of a publicly funded and controlled regional centre of excellence, such as TfN, is that it enables the accumulated specialise knowledge, experience and expertise to be retained and accessible to all MCAs/CCAs, and indeed other public bodies.

TfN's transport modelling and analysis capability is already drawn upon by the DfT to develop the business case for Northern Powerhouse Rail. TfN has identified to DfT officials that its analytical expertise could be used to develop a new national freight model that would be publicly owned and easily accessible to public bodies. With investment in infrastructure supporting the freight and logistics sector critical to enabling economic

growth, the development of a new national freight model would enable transport bodies to improve the case in support of that investment.

In addition to investing in the technical capacity and capability of public bodies – such as the MCAs/CCAs and TfN – there is also a need for the publication of the 10-year infrastructure strategy to be accompanied by a commitment to provide those bodies with the additional funds required to enable proposals to be developed ready for implementation.

Complementing these actions, the Spending Review is also the opportunity for Government to reduce further the extent to which Whitehall retains an overarching client role in the specification and oversight of major investments.

TfN was previously co-client for Northern Powerhouse Rail (NPR) and the TfN executive continues to undertake specialist technical work on the business case under the direction of DfT.

The Spending Review is the opportunity for this Government to overturn the decision of the previous administration to centralise the client function for NPR in London, thus ensuring the North's MCAs have a strong role in shaping the delivery of new rail investment.

The Spending Review is also the opportunity for this Government to work with areas in the North to develop and implement innovative new funding mechanisms (e.g. value capture) that can support both shorter-term sustainability and longer-term transformational infrastructure.

### *Transforming the Transport System*

Investing in improving connectivity between the North's great cities and towns remains central to realising the economic potential of the North.

The evidence base underpinning the STP demonstrates that transformation of the North's rail system is critical in this regard: making it easier to travel between the North's city-regions will increase an individual's access to opportunities and services, and businesses' access to labour and the markets for their goods and services.

Delivering this outcome requires a commitment by Government to:

- *A co-ordinated approach to investment in infrastructure (renewals, maintenance and new build), rolling stock and planned timetable changes.*

Co-ordination is essential to realising the maximum benefit of the investments being made. An immediate priority for TfN is the urgent need for the rail sector to work with TfN and its partners to develop a timetable that enables the full benefit of the capital investment in the TransPennine Route Upgrade to be realised.

Equally, planned renewals and maintenance must be protected for the North, given for too long it has not benefited from the levels of investment in its rail network as other parts of the country. For example, the Tyne and Wear Metro's signalling system is life-expired and needs replacing at a cost of £400 million. This will unlock growth by improving reliability and capacity on the Metro network, enabling the new fleet of Metro trains to realise their full potential. Similarly, with nationally important growth opportunities in the civil and defence nuclear sectors at Sellafield and Barrow-in-Furness,

investment to modernise the infrastructure will improve journey times and capacity on the Cumbrian Coastal Railway is essential to move people and goods.

- *A single overview of the investment programme across the North.*

The complexities of the North's rail system create interdependencies between individual corridors/routes that must be considered and reflected in planning and delivering investment – for example work associated with the East Coast Main Line (ECML) has shown that changes in the timetable can, and do have implications for rail operations in the North-West: and in a similar vein, constraints in/around Greater Manchester have implications for connections across the Pennines, including links to the North-East.

TfN, working collaboratively with Network Rail and its train operators, has developed a single overview of investment that helps decision makers to make informed choices when it comes to the scope and timing of planned investment.

- *A clear strategy for 'first-mile last-mile' access to the rail system, to improve local connections to rail stations and enhance mode shift to rail.*

People do not just travel between rail stations: the whole end-to-end journey must be addressed. By improving local connections to stations (walking, cycling, and bus services), we can further improve the competitiveness of rail for medium to longer-distance journeys, enhancing mode shift, rail patronage and the economic benefits of investment.

- *A long-term programme of investment, starting with the first 10-year investment pipeline, that will transform the North's rail system.*

The evidence base underpinning the STP sets out the scale of transformation required when it comes to the North's rail system: delivering the economic, social and environmental outcomes of the STP requires rail's role as part of the transport system to increase by between a factor of 2 and 3 times its current level.

The evidence is clear: there is an urgent need to improve east-west, as well as north-south connectivity across the North. Improving connectivity between the North's great cities and towns for both passengers and freight is fundamental to unlock economic opportunities across the North.

Transformation of the North's rail system on this scale requires a commitment from Government to a long-term programme of investment in the North's rail system – Northern Powerhouse Rail 'in full'.

The Spending Review must ensure that the initial elements of NPR are included as commitments of the 10-year infrastructure pipeline.

Managing the transformation of the North's rail system as a long-term programme will enable individual elements to be brought forward in co-ordinated and affordable manner, without compromising the North's long-term ambition.

The elements of the North's long-term programme of investment that should be reflected in the initial 10-year infrastructure strategy and pipeline are:

- **Bradford Rail Programme** – including a new city centre Bradford Station (work on the business case for which is already underway) as well as



electrification of Bradford-Leeds and better through-connectivity Bradford-Huddersfield-Manchester, including the Calder Valley electrification

- **Northallerton to Newcastle improvements** – required to unlock the full potential of the new East Coast Main Line and restore some of the reductions in services for Northern communities because of its introduction.
- **Leeds Station** – delivery of the Leeds Existing Station Programme (LESP) as well as a long-term solution to Leeds Station (the 3<sup>rd</sup> largest source of delays on the entire UK rail network) following the previous Government's decision to cancel the eastern leg of HS2 but also linked to significant economic opportunities for West Yorkshire.
- **Sheffield Station** – a key hub on the national network where investment to unlock capacity constraints would realise wider benefits across the North, as well as supporting economic opportunities in South Yorkshire. This includes electrification to/from Leeds as well.
- **Electrification of Hull to Leeds** – improving connectivity to/from a nationally significant economic centre on the East Coast associated with renewable energy.
- **Crewe Station and environs** – a key gateway to the wider economic cluster across the Cheshire and Warrington sub-region, and a hub where there remains the need to identify a preferred solution following changes in the scope of HS2 by the previous Government.
- **Manchester – Liverpool corridor** – the original 'inter-city' railway in 1830, there is a need to build on the momentum of the work of the Liverpool and Manchester Rail Board, and in particular there is an urgent requirement to bring forward proposals to remove existing bottlenecks at both Manchester Piccadilly and Liverpool Lime Street stations.
- **West Coast Main Line** – there is a pressing need for Government to work with the North to identify and take forward a solution that will address the known challenges for the West Coast Main Line following the cancellation of the later phases of HS2 by the previous Government: with the route expected to be 'full' by the mid-2030s the need for this work is of increasing urgency.
- **Blackpool – Yorkshire corridor** – there is a lack of rail connectivity between Lancashire and Yorkshire, with the two areas largely operating independently. Improving reliability, enhancing service frequencies and targeted investment in new rail connections has the potential to dramatically improve travel options and unlock productivity benefits across the North.

The transformation of the North's rail system will require effective collaboration between TfN, the MCAs, the Department for Transport, and the rail sector in the implementation of the NPR programme. Support for new/emerging partnerships between the North's mayors should also feature in the Spending Review, including the Liverpool-Manchester Railway Board ambitions and the White Rose Agreement. The latter reflect the importance of NPR "in full" to the Yorkshire Mayors and also includes the needs for improvements on the Penistone Line.

Transformation of the North's rail system needs to be aligned with and be complemented by continued investment in the North's Strategic Road Network.

Building on previous advice in relation to priorities for inclusion in National Highways' Road Investment Strategy, key priorities for the North include:

- **M60/M62/M66 Corridor** – with investment critical to support demand for substantial growth in jobs and housing, including delivery of investment to Simister Island previously identified in RIS2.
- **A628/A616 Sheffield to Manchester Trans Pennine Connectivity** – focusing on the implementation of recommendations from the National Highways-led study undertaken in partnership with TfN and MCAs.
- **A19 North of Newcastle** – in particular Moor Farm and Seaton Burn junctions where investment is required to unlock substantial housing development.
- **A590/A595** – where improvements to both corridors are linked to supporting economic growth and improving access to assets that are of strategic importance to the UK.
- **M65 Growth Corridor** – junction improvements to unlock strategic growth between Preston, Blackburn and Burnley, with a strong focus on improving connections to the North's nationally-important defence cluster.
- **M6** – providing strategic connectivity to some of the most economically productive areas of the North of England, sections of the route (J19 – 21A) experience significant congestion. Collaborative working with national agencies is needed to identify opportunities for improving the performance of these sections.
- **A19/A66 in Tees Valley** – improvements to connectivity would support growth at Teesworks freeport and the UK's largest integrated chemicals complex. The industry is highly productive and has strong synergies with emerging growth in clean energy, low carbon and hydrogen sectors.
- **M1 & A1 South Yorkshire** – safety, reliability and resilience improvements for these critical north-south routes, which are particularly important for strategic freight movements.

Investment should first seek to optimise the function of the existing road network as an important community asset, delivering safe and more reliable journeys for all road users.

Investment in the SRN must be complimented by investment – via MCAs/CCAs/LTAs – in the Major Road Network (MRN) and other core routes that enable the effective and efficient movement of people and goods. Maintaining these assets to a functional standard is increasingly important in the face of climate change, as investment that improves safety standards as the North aims for 'vision zero'.

Bridge renewal in particular is becoming increasingly important owing to the prevalence of half joint concrete bridges throughout the North and funding needs to be urgently allocated. For example, it is vital that the Tyne Bridge restoration is ready for its centennial in 2027, and that work can begin to re-shape Gateshead town centre through demolishing the 1960s flyover that is unsafe to use.



In addition, recent events have shown that there is an urgent need to take forward work to address the structural failures on the **A57 Snake Pass (Sheffield to Manchester)**: a key trans-Pennine corridor.

The North's geography – with vast rural areas – means MRN renewal and maintenance can be complex to deliver, with often limited options for divisions. Early identification of funding to enable effective local and regional planning is therefore essential for our region – and ensures those assets that the rest of the UK relies on from the North (energy, water, natural capital, as well as a huge leisure opportunities) can continue operate effectively.

Furthermore, it is critical to recognise the economic and social value of buses to the North, and to provide funding to ensure the stability of local bus networks. Recent reductions in bus services have created serious accessibility problems for many communities, increasing social exclusion and giving rise to poor labour market participation across many parts of the North. Investing in bus services plays a key role in supporting local economies: research for the Campaign for Better Transport has shown that investment to improve bus infrastructure and support better services generates economic benefits of over £4.55 for every £1 invested.

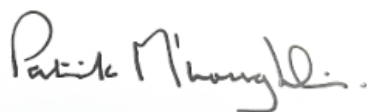
The investment made by Government in enabling a national £3 bus fare has helped rebuild bus passenger numbers. It is important that the Spending Review builds on this success by continuing to fund a flat rate bus fare.

Nationally, rural households spend a larger proportion of their weekly income on transport compared to urban households. These higher weekly transport costs for rural communities can limit access to opportunities and increase social exclusion. Our evidence shows that for rural village residents, transport is their highest living cost at £131 per week pre-pandemic, using up 15% of their income.

Continuing to invest in support of local bus services, building on the support provided through BSIP, is essential in this regard, whilst at the same time working with MCAs/CCAs/LTAs to identify longer-term funding solutions that secure their future.

In conclusion, by reaffirming Government's commitment to complete the delivery of existing commitments, the Spending Review is the opportunity to ensure that the benefits of that investment begin to be realised. Committing to actions that strengthen the foundations that have already been laid will enable the North to begin to accelerate the process of transformation. Whilst embedding the key transformational proposals into the initial 10-year infrastructure pipeline will enable the North to build on those foundations and, working with Government, deliver on its Missions, and the ambitions of the North.

Yours sincerely,



Lord McLoughlin CH  
Chairman, Transport for the North