

# Northern Transport Charter

September 2020



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# Intro



Transport for the North (TfN) is a statutory body of elected leaders and senior business representatives from across the North of England. Our primary aim as an organisation is the pursuit of greater economic prosperity and well-being for those who live and work in the North.

Poor transport infrastructure is holding back the North's economic potential. Connecting the key economic areas of the North will drive growth, improve access to jobs and ensure the North is a great place in which to invest and live.

TfN's current statutory powers are derived from the Local Transport Act 2008, amended by the Cities and Local Government Devolution Act 2016. These powers allow us to:

- > Act as 'one voice' for the North, clearly providing statutory advice on the pan-Northern priorities to the Secretary of State for Transport;
- > Co-ordinate and deliver smart ticketing systems across the North;
- > Become a statutory partner in rail investment decisions through the Rail North Partnership;
- > Oversee (jointly with the Department for Transport) franchised rail services covering Northern and TransPennine Express franchises;
- > Promote highways improvements of Northern significance, with the agreement of Government and relevant local transport and highway authorities;
- > Prioritise investment on the transport network.

The TfN Board has never seen these powers as a steady state situation, but rather as something to be reviewed and updated. The legislation establishing TfN envisaged this, including a general function: 'if TfN considers that a transport function in relation to its area would more effectively and efficiently be carried out by TfN, to make proposals to the Secretary of State for the transfer of that function to TfN'. Accordingly, in 2019, the TfN Board established a Members Working Group (MWG) with the objective of developing evidence-based recommendations on future priorities for TfN, focusing, in particular, on the case for the devolution of further powers or responsibilities from Central Government.

The recommendations developed under the auspices of the MWG were agreed by the TfN Board at its July 2020 meeting. The purpose of this document is to provide a summary of those recommendations, which, taken together, constitute what we term the Northern Transport Charter (NTC).

The NTC sets out a road map towards further long-term devolution to the North of transport related powers. These proposals are grouped around four key ambitions:

- > Championing an inclusive and sustainable North;
- > A long-term Northern funding settlement;
- > Leading strategic transport delivery;
- > Putting rail passengers first.



# Intro

At its heart, the NTC sets out evidence-based arguments for devolution to the regional level of long-term strategic transport investment funding and decision-making powers. It is not in itself primarily an argument for increased investment, but rather makes the case for reallocating control of existing funding streams to the regional level.

This reallocation is sought not as an end in itself, but as a means to enable TfN to develop in a direction that enables the organisation to deliver on its primary objective – securing a better quality of life for people living and working in the North of England.

It is recognised that the transition to the devolved structures envisaged in the NTC proposals would, in all likelihood, be a lengthy one, requiring significant adjustment to existing industry processes. The NTC sets out an agreed pan-Northern, cross-party, direction of travel for TfN over the decade, and some initial thinking on how this transition might work in practice. It also acknowledges that it would require a step change in TfN's decision making and delivery capabilities. But the guiding principle is that it is the people living and working in North of England, as represented by the region's business and political leaders, who are best placed to know what is in the best long-term interests of the North.

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# Key Challenges

Development of the NTC has been shaped by two significant challenges facing all of those involved in infrastructure planning and delivery.

First, that of climate change. The Government's commitment to net zero emissions by 2050 is one of the most ambitious in the world and places a great emphasis on the need for transport to move towards this goal and to develop its future programmes with this in mind.

Second, ensuring that future growth is both inclusive and sustainable. The TfN Board has been clear that the Strategic Transport Plan must support opportunities for everyone in the North, town and village, urban and rural, coast and country.

These challenges can be best addressed by more devolved decision-making to account for local circumstances and, perhaps more importantly, a move away from the dominance of economics and cost-benefit analysis when making investment decisions, a practice that has seen the North lose out on transport investment for far too long.

Additionally, it is now clear that the impact of the Coronavirus (COVID-19) pandemic will result in the sharpest economic slowdown in living memory. As and when social distancing restrictions start to be lifted, there will be an urgent need to stimulate economic activity, boosting business confidence and supporting jobs.

Using the evidence from work on the Investment Programme, TfN is well placed to support national government with the accelerated delivery of transport infrastructure and other investment to support a green recovery. The proposals outlined within the Northern Transport Charter could support the Government to ensure economic stimulus, providing the foundations for the long-term advancement of a sustainable economy, including levelling up of economic disparity across the UK.



# Mission Statement

**At the start of the process of working up this Charter, a Mission Statement was agreed by TfN members. It was agreed that:**

Our primary aim as an organisation is the pursuit of greater economic prosperity and well-being for all those who live and work in the North of England.

Therefore, over the next decade the North of England should have a defined range of powers and shared responsibilities that provide greater levers to help deliver on this primary objective.

Under this remit, TfN will seek the best economic and transport functions to devolve to a pan-Northern level under the administration of Transport for the North, at the direction of the TfN Board.

These 'pan-Northern powers' will relate to our role as a Sub-National Transport Body in the first instance; but they will also seek supplementary powers in relation to supporting

economic prosperity, and well-being across the region.

The organisation will not seek those functions that are currently retained by Constituent Authorities, Department for Transport or Her Majesty's Treasury, which neither party would not wish to relinquish; and we would seek to build a consensus around a package of measures that can meet broad agreement by TfN Board who between them represent the 15 million people who live across the North of England.

Furthermore, as TfN represents the ambitions of the people of the north via the political representation of our Board, our governance structures should always remain under review to respond to the development of the organisation, guided by the general principle that it is the people living and working in North of England who are best placed to know what is in the best interests of the North.

All of these powers and responsibilities sought will be to allow TfN to develop as an organisation, while also achieving our primary objective - to secure a better quality of life for the people living and working in the North of England.

**The terms of reference agreed for the Members Working Group (MWG) charged with development of these NTC proposals were agreed as follows:**

"To consider the key challenges and priorities facing the future development of Transport for the North; and then produce an interim summary report that will be submitted to the TfN Board in 2019, which sets out the agreed remit for a final report; if consensus on the remit is secured, then a final report to be produced for agreement by TfN Board 2020; this report will contain recommendations on the future priorities of TfN, including further devolutionary powers or responsibilities to be sought from central government."



# Northern Transport Charter

## The MWG is responsible for:

**Scope** – reviewing the current powers and responsibilities of TfN, and recommending evidence-based proposals to the present structure and priorities for TfN over the next decade that enable the North of England to become a fairer, more equitable part of the UK; considering the role of TfN within the current settlement and how we can make it more open and effective; further improving the accountability of TfN; and helping TfN be at the heart of rebalancing the UK economy towards a fairer and economically inclusive north.

**Engagement** – seeking the views of TfN Members and key stakeholders across a wide and diverse range of interested individuals and organisations from across the North of England.

**Output** – to hold a member-led workshop on Wednesday 5th June 2019 to agree a Mission Statement that sets out the the approach and scope of the final report; compile an interim summary report to the TfN Board on in 2019; and producing a final report to the TfN Members' Board in 2020 that recommends an evidence- based package of measures to go forward as the strategic approach for TfN over the next decade; this final report will be the official statutory advice of TfN to government regarding a new devolutionary settlement for the North of England.



Following the initial meetings of the MWG, TfN Board agreed in September 2019 that the cornerstone of this Charter should be four objectives, or ambitions, for the future of TfN, all of which are essential if the outcomes of the Strategic Transport Plan are to be realised.

These ambitions are as follows:

**Championing an Inclusive and Sustainable North**

**LongTerm Northern Funding Settlement**

**Leading Strategic Transport Delivery**

**Putting the North's Rail Passengers First**

The remainder of this document summarises the positions developed against each of these four ambitions, as endorsed by the TfN Board at its meetings in March and July 2020<sup>1</sup>.

<sup>1</sup>The relevant TfN Board papers are included as appendices, and are cross referenced throughout this summary document.



# Championing an Inclusive and Sustainable North<sup>2</sup>

## What's next?

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.

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.

## Immediate priorities for TfN

Over the next five years, new analysis and changes to the appraisal system can refocus TfN's programmes and help make the case for transport investment while also influencing 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.

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 and embed them into our governance and decision-making processes.

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- > 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.
- > Consider endorsing the recommendations of the 2070 Commission on regional growth and continue to support the work of the Commission.
- > 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.
- > 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 use of citizens panels working with other pan-Northern bodies.

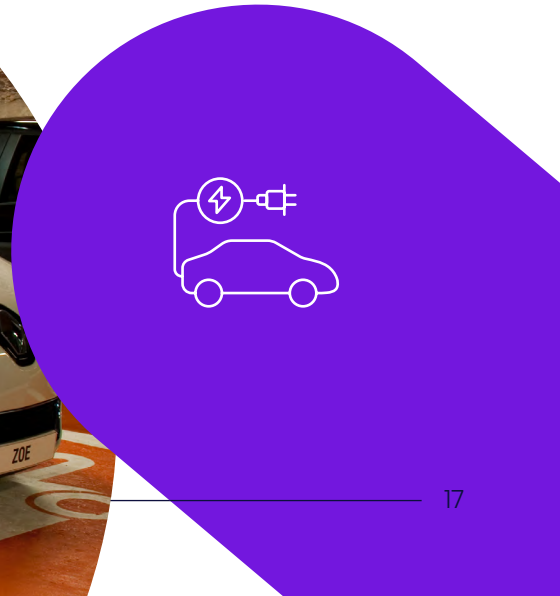
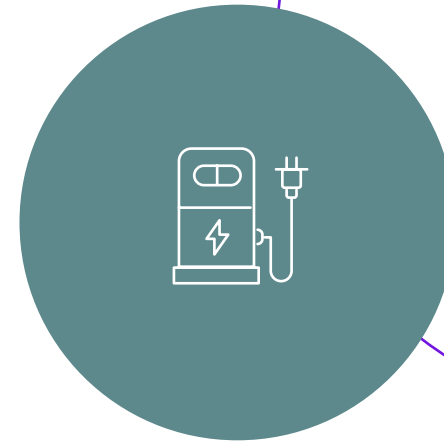




# Championing an Inclusive and Sustainable North<sup>2</sup>

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.

In addition to this and as agreed by TfN Board in March 2020, work is ongoing to develop a TfN decarbonisation strategy which will provide clear and agreed policy positions as well as set a clear target trajectory to achieve net zero. It will also identify the role TfN can play in supporting this wider political agenda.



<sup>2</sup>The TfN Board papers which include detail related to this NTC 'ambition' are included at Appendix 3.

# Leading Strategic Transport Delivery<sup>3</sup>

The Strategic Transport Plan and Investment Programme is the first time that the North has come together to set out a 30-year programme of transport investment required to support transformational economic growth and greater opportunities for all.

That plan has been refined with recent decisions being taken on the initial priorities in the period 2027-2033. In addition, in response to the COVID-19 pandemic, an economic recovery plan with a pipeline of shorter-term investment that could be accelerated was developed and approved by TfN Board and submitted to government.

But the process from the point of publication does not provide a clear line of sight as to how schemes are then incorporated into the programmes of delivery partners (Network Rail and Highways England). Key decisions on scheme delivery and programming are still taken remotely from the North. The TfN Board has limited visibility of, and influence

over, delivery partners' programmes.

Without TfN making the link between the schemes identified in the Investment Programme and the social and economic opportunities locally, the anticipated outcomes of the investment may not be realised. Opportunities for complementary local investment and tying in with local spatial and development may also be lost.

It is also about securing better value for money. Establishing a pipeline of investment that allows industry to invest in equipment and training will help reduce unit costs and improve value for money. One example being electrification on the railways, where stop start investment, twinned with cost inflation, has been the historic norm and the construction industry believes significant savings can be secured by planning the work better over time.

Progress can be made in the short term by more frequent reporting of accurate/up-to-date information



on scheme progress direct to TfN from delivery partners, and TfN should be an “intelligent client” with representation on decision-making bodies of the delivery partners.

In the medium to longer term, powers should be devolved to TfN necessary to develop and own a **Northern transport infrastructure pipeline** with a clear set of objectives. This would involve setting priorities from the investment programme, overseeing early viability assessment of projects, and decision making as projects are taken through a Northern business case process.

It is acknowledged that this would require a step change in TfN's decision making and delivery capabilities. Accordingly, the NTC proposals agreed by the TfN Board set out proposals for a single decision making / governance structure. In conceptual terms, the approach developed could be described as having many ‘industry standard’ features, such as:

- > Key decisions on what is in the investment programme and prioritisation retained by TfN Board.
- > A sub-committee of the Board to oversee business cases decision making.
- > Both the board and the sub-committee to be supported by an independent assurance group of experts.
- > That an Executive committee of officials have delegated powers over smaller projects and/or interim stages of the business case process.

<sup>3</sup> The TfN Board papers relating to this NTC ‘ambition’ are included at Appendices 2 and 3.

# Leading Strategic Transport Delivery<sup>3</sup>

This was developed as a starting point to allow agreement of broad principles. The aim throughout has been to learn from other existing processes, but to really focus on making the right decision on a timely basis at the right level.

Greater detail, such as precise levels of delegation, would still need to be developed further with members and their officers.

The logical and easiest first step of devolution in this area would be to allocate development funding, or a client role where that development funding is being spent by Network rail or Highways England, to TfN which would then allow the processes and governance structure to be developed and proven.





# Long Term Northern Funding Settlement<sup>4</sup>

## Introduction

In 2018 TfN adopted a Funding Framework that included an aspiration for a devolved budget that would cover road and rail. This was in response to what is seen to be decades of underinvestment in the North as well as a recognition that currently the North has little influence over the delivery of its strategic transport priorities. This approach would allow the North to implement ambitious policy measures and interventions to enable an exciting, prosperous and sustainable legacy for current and future generations living in the North.

TfN has undertaken work on a number of Strategic Development Corridors (SDCs) with the objective of identifying those interventions, on road and rail, that when viewed collectively, contribute to TfN's stated objective of promoting sustainable, inclusive and transformational economic growth in the North. Only a small proportion of the schemes within the SDCs (and the TfN Investment Programme) have

a committed funding stream – the remainder will require funding approvals at some point in the future. A 'project-by-project' approach means that there is a continued level of uncertainty over the delivery of each scheme, with knock-on consequences for the improvements that can be achieved within the SDCs. This approach also requires local scheme promoters to develop them at risk, despite them being identified as strategically important by TfN Members.

The competitive one-off funding rounds that are a feature of the funding of transport infrastructure also put TfN's constituent authorities in competition with each other for funding, which belies the co-operative approach taken in our Strategic Transport Plan and undermines the entire basis for the SDC approach, which recognises transport as a system, rather than a collection of individual infrastructure assets.

A core objective of the NTC is to work towards a situation where the North has a single allocation/budget for

<sup>4</sup>The TfN Board papers relating to this NTC 'ambition' are included at Appendices 2 and 3.



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.

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.

## Fiscal powers for a purpose

TfN is not seeking devolution of fiscal powers as an end in itself,

but rather to ensure that it has the level of control necessary to ensure delivery of its Investment Programme set out in the Strategic Transport Plan. Discussion within the Members Working Group identified the concept that TfN would not seek additional funding streams if that results in significant risk of budgetary consolidation and funding reductions.

TfN has not sought so far to identify specific central government revenue streams that can be hypothecated to it and used to fund its proposals. Instead it has identified the quantum of transport related revenue flows that could be earmarked for transport and compared this to what its plans require. This indicates that the STP is deliverable within the context of a reasonable expectation of what funding might be made available. This view is consistent with the NIC's National Infrastructure Assessment – TfN is therefore not making undue financial demands on central government – the proposals included within the STP are ambitious yet realistic.



# Long Term Northern Funding Settlement<sup>4</sup>

## Towards a Northern Budget

The current Government has a stated commitment to addressing regional imbalances. TfN's view is that "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 targets are adopted by central Government.

The NTC proposals argue that TfN can play a key role in the delivery of the rebalancing agenda, which is consistent with its remit to deliver inclusive and sustainable economic growth across the North. Key to this is a long-term Northern funding settlement that will enable TfN's Members, acting through the TfN Board, to make investment decisions in relation to infrastructure investment based on Northern priorities.

## Challenges

It is recognised that 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 can be summarised as follow:

- 1 The need to build capacity and capability within TfN to deliver investment funding and demonstrate a track record of delivery to partners and government.
- 2 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.

- 3 The need to embed appropriate decision-making structures with regard to the investment pipeline.
- 4 Transitional arrangements from current industry processes to the proposed Northern Budget.

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.

## Summary

The proposal for a funding settlement can therefore be summarised as follows:

- 1 TfN receives a budget which, based on the work that it has done to date on the Investment Programme, it uses to develop a pipeline of projects through to a state of readiness that would allow them to be funded.

- 2 TfN would become responsible for the development of a specified number of projects (identified through the sequencing work on the SDCs).
- 3 This 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).
- 4 As projects are developed this would allow a fundable pipeline of investment to be formed with funding being drawn down as required from an annual allocation.
- 5 That a mechanism or formula be established to maintain an agreed funding envelope.



# Putting the North's Rail Passengers First<sup>5</sup>

The draft NTC adopted by the TfN Board in September 2019 outlined two key actions as being fundamental to delivery of this ambition, namely:

- 1 Greater accountability of the railway in the North to the people of the North; and
- 2 Progressive decentralisation of decision-making that allows flexibility for local and regional areas to determine the best way of delivering services to their communities.

These actions reflected the core findings of the Blake-Jones Review, undertaken in 2018 to consider the arrangements in place for the Northern and TPE franchise arrangements, and specifically whether these had been a contributory factor in the May 2018 timetable crisis.

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 then the COVID-19 pandemic has radically changed the public transport landscape. In the meantime, the Government's response to the Williams Review is still awaited.

However, none of these events changes or diminishes the key principles agreed by TfN's Board for a passenger led railway. In these circumstances, TfN's 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 ongoing wider railway reform. TfN's view is that full implementation of the Blake-Jones recommendations creates an environment conducive to further rail devolution.

The structure of the rail industry is self-evidently in a state of flux. TfN's view is that three critical elements must be at the core of any future arrangements:

- 1 **Accountability to the public.** In the North we need Network Rail, Train Operators and other industry organisations to act and behave in a way that demonstrates this accountability to the people and communities of the North. In time, we would want this to occur through formal devolved powers. In the meantime, we advocate changes to Board structures and governance regimes that include more regionally diverse representation.
- 2 **De-centralisation.** All developments should be aiming to decentralise decision-making as far as possible. A decentralised system promotes mutual co-operation through mutual (rather than hierarchical) dependency.

- 3 **Transparency.** Trust has been eroded between many industry parties and stakeholders because so much information has been considered confidential. This must change and more business must be conducted in an open and information-sharing environment.



# Putting the North's Rail Passengers First<sup>5</sup>

In advancing the case for further devolution of control of rail services, TfN is mindful of the need to ensure appropriate arrangements are in place for the management of financial risks. The Northern and TPE franchises before the COVID-19 pandemic cost the public purse around £350m net per annum. This is a higher level of subsidy than that anticipated when the franchises were let. The impact of the pandemic could easily double the level of financial support required this financial year. Further devolution plans that involve the transfer of this order of operational financial risk to the North must come with appropriate provision for contingency support.

Finally, it is important to note that some rail devolution is, of course, already successfully working for Nexus and Merseyrail. In Greater Manchester, the transfer of railway infrastructure was the basis for the Metrolink network. In the North East there is specific provision for a North East Rail Management Unit within the TfN constitution to specifically consider rail matters in the North East. These authorities have ambitions to develop the scope and extent of their devolved networks on the back of these successful existing models. TfN is supportive of flexibility in the way in which further rail devolution occurs.

<sup>5</sup> The Rail North Committee papers relating to this NTC 'ambition' are included at Appendix 4.

<sup>6</sup> The TfN Board papers relating to this is included in Appendix 1.





# Conclusion

The development of the NTC has demonstrated the TfN Board's firm view that it is the people living and working in North of England, as represented by the region's business and political leaders, who are best placed to know what is in the best long-term interests of the North. And best placed to make the tough decisions and trade-offs that are necessary in investment decision making.

Following the September 2020 Board Meeting, TfN wrote to the Secretary of State for Transport summarising the core NTC proposals – the devolution to the regional level of long-term strategic transport investment funding and decision-making powers as a means of securing a better quality of life for people living and working in the North of England.

While discussions take place with the Department for Transport, TfN has identified a number of 'next steps' that can be progressed in the short to medium term in order to take forward important aspects of the NTC proposals. These include:

- > Developing a trajectory and agreeing a target date for the North's transport network to deliver an absolute zero carbon network;
- > Further developing an appraisal system that will target investments that support transformational economic growth, environmental and social benefits;
- > Taking forward developing a pipeline of strategic transport projects across the North, building on the TfN Investment Programme and Economic Recovery Plan proposals.

Ultimately, however, TfN's long-term role in the control and management of both operational rail and long-term investment planning and prioritisation is something which will be determined by Central Government in the context of its broader devolution agenda.





# Appendices

This summary document reflects the content of the following TfN Board submissions, which are referenced through the document, attached as appendices and a summary of which can be found below.

Appendix Number	Papers	Governance Cycle
1	September 2019 TfN Board, Item 5 a) <b><u>Board Cover paper</u></b> b) <b><u>Northern Transport Charter Draft Summary</u></b>	Approved at Sept 2019 TfN Board
2	March 2020 TfN Board, Item 13 a) <b><u>Board cover paper</u></b> b) <b><u>Northern Transport Charter Revised Summary,</u></b> c) <b><u>Devolved Budget Paper,</u></b> d) <b><u>Decision Making and Governance Model Paper</u></b>	Approved at 12th March 2020 TfN Board
3	July 2020 TfN Board, Item 12 a) <b><u>Board cover paper</u></b> b) Final Devolved Northern Budget paper c) Final Decision Making and Governance Model Paper d) Sustainable and Inclusive North Paper	Endorsed 29th July TfN Board
4	<b><u>July 2020 Rail North Committee papers, Items 5 &amp; 6</u></b> a) Blake Jones and Williams Reviews paper b) Rail Reform and Devolution paper	Endorsed 14th July Rail North Committee

**Transport for the North**

2nd Floor  
4 Piccadilly Place  
Manchester  
M1 3BN

**Transport for the North**

Ground Floor  
West Gate  
Grace Street  
Leeds  
LS1 2RP

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0161 244 0888  
[engagement@transportforthenorth.com](mailto:engagement@transportforthenorth.com)

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