



Department for Transport

From the Permanent Secretary

Great Minster House
33 Horseferry Road
London SW1P 4DR

E-Mail: bernadette.kelly@dft.gov.uk

Web site: www.dft.gov.uk

14 September 2021

Meg Hillier MP

Chair

Public Accounts Committee

[Sent via email]

Dear Chair,

Update on DfT Recall

Further to my letters of 6 November and 25 February, I write to provide a further update on the scenario analysis and potential impacts on benefits that have been considered as part of the development of the Integrated Rail Plan for the North and Midlands (IRP).

As referenced in my letter of 25 February, the Department has been working closely with the rail industry throughout the Covid-19 pandemic to meet the needs of passengers, whilst ensuring the safety of staff, and to ensure that we have a thorough understanding of the impact that the pandemic has had on rail demand, and whether and to what extent those impacts will persist into the future.

The IRP will set out how best to deliver and sequence HS2 Phase 2b, Northern Powerhouse Rail, and other major rail projects in the North and Midlands over the forthcoming decades. Ahead of finalising the IRP, the Government is taking into account recent post-COVID OBR economic forecasts to inform its view on long term rail demand and applied Departmental scenarios around how post-COVID working and leisure trends may impact rail demand in the much longer term.

In February, the National Infrastructure Commission (NIC) said that it will consider in its future work, including in the next National Infrastructure Assessment, how potential long term trends following the Covid-19 pandemic could influence demand for and use of infrastructure. We will continue to work closely with the NIC and to monitor rail demand as restrictions brought about by the pandemic ease. Given the inherent uncertainty in forecasting demand we use scenarios to support further decisions on schemes brought forward following the IRP. This approach is in line with the guidance set out in the Department's Uncertainty Toolkit published in May this year¹.

Work on the IRP is progressing, and the Government intends to publish the report soon. You will understand that it is difficult to set out in detail how trade-offs have been assessed to inform the Government's choice between different investments so soon in advance of an announcements on the IRP. That announcement and the associated report will set out the rationale for decisions, including how wider objectives including levelling up and supporting economic growth and regeneration have been considered alongside the benefits to existing and future users of the transport network.

¹ <https://www.gov.uk/government/publications/tag-uncertainty-toolkit>

During the course of this process Ministers and officials have met extensively with representatives from the North and Midlands, as well as the rail industry, to ensure their views and evidence are also being carefully considered alongside analytical evidence produced by the Department and the NIC in developing the IRP.

Following the publication of the IRP I will write to update you with details of scenario analysis and the impact on forecast benefits.

Yours sincerely,

A handwritten signature in black ink, reading "Bernadette Kelly". The signature is written in a cursive style with a large initial 'B' and a long, sweeping tail on the 'y'.

Bernadette Kelly CB
Permanent Secretary