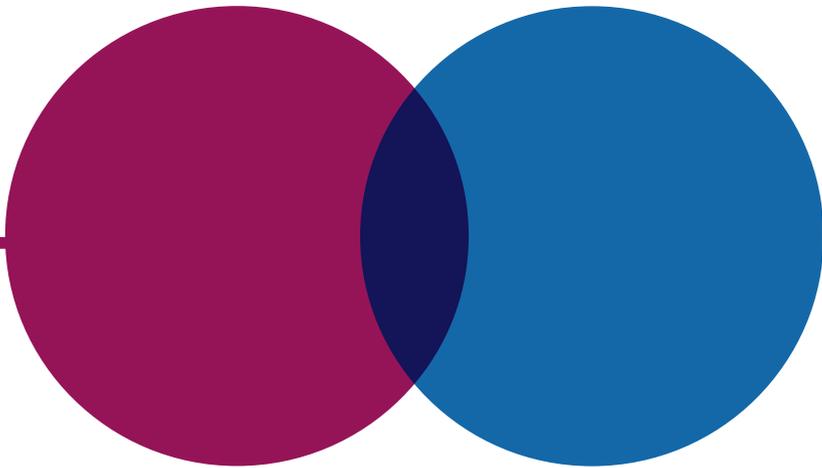




National Audit Office



REPORT

# Northern Powerhouse Rail

Department for Transport

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SESSION 2024–2026  
11 MARCH 2026  
HC 1734



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# Northern Powerhouse Rail

## Department for Transport

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Report by the Comptroller and Auditor General

Ordered by the House of Commons  
to be printed on 9 March 2026

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National Audit Act 1983 for presentation to the House  
of Commons in accordance with Section 9 of the Act

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Gareth Davies  
Comptroller and Auditor General  
National Audit Office

3 March 2026

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# Contents

**Key facts** 4

**Summary** 5

**Part One**

Progress on the Northern  
Powerhouse Rail programme 13

**Part Two**

Setting up the Northern  
Powerhouse Rail programme 24

**Part Three**

Learning lessons from  
other programmes 33

**Appendix One**

Our audit approach 40

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## Key facts

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**£45bn**

the government's funding cap for the Northern Powerhouse Rail programme from 2026-27 (2025 prices)

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**£410mn**

the amount the Department for Transport (DfT) expects to have spent on the programme by end of March 2026 (in cash prices)

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**3**

number of phases of the programme, which DfT expects to complete in the 2040s

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**June 2014** concept for Northern Powerhouse Rail first proposed

**November 2021** the government announced the scope of the programme as part of the Integrated Rail Plan

**October 2023** the government revised the scope of the programme as part of changes announced in its Network North plans, and the cancellation of High Speed Two Phase 2

**January 2026** the government announced revised plans for the programme as part of its Northern Growth Strategy

**£1.1 billion** DfT's approved funding to progress development of the programme between 2026-27 and 2029-30 (in cash prices)

**11** key areas that DfT has identified to implement lessons learned from other major rail programmes

# Summary

**1** The north of England contains several large cities – including Leeds, Liverpool, Manchester, Newcastle and Sheffield – which are poorly served by transport connections. This creates a barrier to improved productivity as it is harder than it should be for people to travel between cities. This leads to, for example, businesses having smaller pools of potential workers, and workers having fewer job opportunities. The region contains a population similar in size to that of London and the south-east of England, but with much lower economic performance. Since 2014, the government has been considering plans to enable increased economic growth. This includes improving east-west rail connections across the north of England through the Northern Powerhouse Rail programme.

**2** In January 2026, as part of its wider Northern Growth Strategy, the government announced its plans for Northern Powerhouse Rail. The programme will involve building new rail lines and stations, as well as upgrades to existing lines and stations. Together this is expected to provide more frequent train services and shorter journey times between Liverpool and Manchester to the west, and Leeds, York and other cities to the east of the Pennines. It builds upon an existing rail upgrade programme in the region, the Transpennine Route Upgrade between Manchester and York.

**3** The Department for Transport (DfT) is the department responsible for funding and overseeing delivery as the sponsor for the programme. Two of DfT's arm's-length bodies are responsible for parts of the programme – Network Rail for delivering existing line upgrades to the east of the Pennines and High Speed Two Limited (HS2 Ltd) for developing the plans between Liverpool and Manchester. DfT has also been working with the Ministry of Housing, Communities & Local Government (MHCLG); Transport for the North, as the sub-national transport body for the region; and with local government bodies, who will be involved with delivering the wider benefits enabled by the programme.

## Scope of this report

**4** DfT has been working on plans for Northern Powerhouse Rail for over a decade. As it now develops the programme's business case, we have examined how DfT is setting up the programme for success. We assessed:

- the progress DfT has made with the programme since 2014;
- how DfT is setting up the programme and addressing key challenges; and
- how DfT is learning relevant lessons from other major programmes.

**5** The fieldwork for this report was completed between October 2025 and February 2026, the majority ahead of the government's announcement in January 2026 on its plans for Northern Powerhouse Rail. As a result, many of the areas we examined remain work in progress, and we expect to report further on the programme in the future. We have not examined the government's wider growth plans for the north or progress on the Transpennine Route Upgrade programme as part of this report.

## Key findings

### Progress since 2014

**6** **Since 2014, successive governments have planned to improve transport in the north to better support economic growth, but some of the scope options proposed were unaffordable.** In June 2014, the government set out ambitions to improve transport connections to support economic growth as part of its Northern Powerhouse plans. It subsequently worked with Transport for the North and local government to develop three options for the scope of Northern Powerhouse Rail. DfT then conducted further work to develop options and estimated the cost of these to range between £17.2 billion and £46 billion (2019 prices), all of which built on the planned High Speed Two (HS2) line into Manchester. In November 2021, as part of the Integrated Rail Plan for the North and Midlands, DfT confirmed that it would proceed with the lowest cost option, with its decision based on scope and affordability. DfT found other options to be unaffordable and did not fully consider how Northern Powerhouse Rail would integrate with the rest of the rail network (paragraphs 1.5 to 1.6, and Figures 3 and 4).

**7 The cancellation of the HS2 connection to Manchester in October 2023 left the government with key strategic decisions on whether to enable future north–south connections as part of Northern Powerhouse Rail.** DfT had planned to use the HS2 connection to Manchester as part of its route for Northern Powerhouse Rail. However, following the cancellation of HS2 Phase 2 in October 2023, the government transferred the estimated cost of building that section into the Northern Powerhouse Rail programme. The government also further expanded the scope of the programme to include Sheffield, Hull and Bradford. Together, these changes increased DfT’s estimated cost of the programme by £13.4 billion to £30.6 billion (2019 prices). Along with the HS2 cancellation impacting on the level of potential benefit, this reduced DfT’s estimated benefit–cost ratio of the programme from around 0.8 to 0.4, following government standard guidance on appraisal estimates. This reduction in the benefit–cost ratio indicated poorer value for money. DfT identified that it could develop lower-cost route options between Liverpool and Manchester if the government chose not to take forward investment in north-south rail connections making use of the previous HS2 plans. It subsequently commissioned work to consider alternative options to inform ministerial decision-making (paragraphs 1.7 to 1.8, and Figures 3 and 4).

**8 Local government bodies in the north told us that their ability to progress with local plans had been hampered by poor engagement and a lack of clarity over Northern Powerhouse Rail.** Mayoral combined authorities along the planned route are key strategic partners for delivering economic growth in the region. They told us that they felt engagement with DfT had not always been effective since the changes announced in late 2023. For example, they told us that they had not been engaged on developing plans or able to see detailed analysis of a kind that had previously been shared. DfT has acknowledged the challenge of engaging local stakeholders during 2025 before the government had confirmed its decisions about the scope of the programme. Mayoral combined authorities told us that they would need time to respond to changes and develop new or revised spatial and local transport plans. They had already had to adapt to the changes announced in October 2023’s Network North paper, just two years after the Integrated Rail Plan in November 2021 (paragraphs 1.9 to 1.12).

**9 The government has now provided greater clarity over its plans for Northern Powerhouse Rail.** In January 2026, the government set out its overall plan for Northern Powerhouse Rail. The plan sets out where it will upgrade existing lines and stations, such as at Leeds, or build new ones, such as a predominantly new line between Liverpool and Manchester. DfT will need to conduct further work on developing the exact scope and schedule, but it expects to complete the earliest parts of the programme in the 2030s. The government also confirmed that it would proceed with the section into Manchester, as transferred into the programme from HS2 in October 2023, to enable a future north-south rail line. The government has not yet developed a formal cost estimate for the programme, given the further scoping work required first. However, it has set a funding cap of £45 billion (2025 prices) for spend from 2026-27. The spending cap does not include the spend on design work already incurred, which DfT expects to be around £410 million (in cash prices) by the end of 2025-26. DfT has approved funding of £1.1 billion (in cash prices) to the end of 2029-30 to progress development of the programme over the next four years (paragraphs 1.13 to 1.15, 2.12 and Figures 1, 4, 5 and 8).

#### Setting up the Northern Powerhouse Rail programme

**10 DfT has more work to do in developing Northern Powerhouse Rail's strategic case to align it with the government's ambitions for economic growth in the north.** The rail programme is an enabler for wider economic benefits, but there had been no overarching plans for how the government would deliver these benefits. Regional stakeholders told us that the initial focus on economic growth had dropped away in recent years. The recently announced Northern Growth Strategy, led jointly by DfT, HM Treasury and MHCLG, is intended to address this, with the government setting out future areas it will focus on improving. This includes work around urban regeneration and industrial growth as well as transport. The strategy sets out how better connections between northern city regions and towns will support economic growth, for example by widening the pool of workers available to firms and the opportunities available to workers. The government has, however, not yet set out how investment in these areas of focus might be prioritised to inform any potential trade-off decisions. The government plans to develop and publish further details around the strategy in spring 2026. DfT, supported by other departments, will need to work to align the programme to the developing growth strategy, as part of completing its business case for summer 2026 (paragraphs 2.3 to 2.5).

**11 The government has not yet put in place suitable governance arrangements to help deliver the outcomes Northern Powerhouse Rail may enable.** The Northern Powerhouse Rail programme shares many of the characteristics of a mega-project. In particular, while DfT is responsible for delivering the railway, other government departments and regional and local governments will be required to deliver the transformational benefits enabled by the programme. These include business investment and housing development. In our 2025 report on mega-projects we recommended that the government should consider using alternative approaches to governance in these cases rather than the standard models where one department is ultimately responsible.<sup>1</sup> DfT plans to work with local government bodies through delivery boards following the government's Northern Growth Strategy announcement. These arrangements may help decision-making between bodies to deliver the best outcomes in each local area, including resolving any trade-offs between different activities and the benefits they can provide. However, these structures are not yet in place, and it is not yet clear how DfT intends to engage with the other central government departments required to deliver the programme's benefits (paragraphs 2.6 to 2.9, and Figures 6 and 7).

**12 DfT plans to deliver Northern Powerhouse Rail in three phases, which should enable benefits to be delivered as work progresses.** The first phase is expected to consist of line and station upgrades between Bradford, Leeds, Sheffield and York; the second a predominantly new line between Liverpool and Manchester; and the third will be further upgrades across the Pennines, building on the Transpennine Route Upgrade programme. DfT intends each phase to deliver not only the rail infrastructure works but also the changes to operations and timetabling that will enable the additional train services to begin running. With DfT expecting to complete phase 1 in the 2030s, this should enable DfT and local government to start delivering benefits while work on the other phases progresses into the 2040s. Such benefits would include improved passenger rail services between cities east of the Pennines and enabling progress with local development work. This will require effective joint working across rail bodies and local stakeholders to maximise the opportunities this approach provides (paragraphs 2.10 to 2.11 and Figure 8).

<sup>1</sup> Comptroller and Auditor General, *Lessons learned: Governance and decision-making on mega-projects*, Session 2024-25, HC 545, National Audit Office, March 2025.

**13 DfT will need to determine how it can best maximise the benefits from Northern Powerhouse Rail within its £45 billion funding cap as part of further scope development.** Following the January 2026 announcement, DfT will continue work to further develop the scope of the programme. This will include working with local strategic partners on how best to enable the wider transport and economic growth developments in their areas. However, the scope will need to be developed within the government's funding cap of £45 billion for the programme to ensure affordability. DfT and HM Treasury told us that this funding cap was informed by factors including early estimated cost ranges based on potential scope options. To stay within the cap, DfT will likely need to make trade-off decisions on what benefits it can achieve across the route against how much different scope options might cost. For example, it will need to decide whether to build the new Manchester Piccadilly station underground for greater development opportunities above it, but at a higher cost compared with one at surface level. In these cases, DfT expects that local authorities could provide funding for additional works as part of the programme to help maximise growth opportunities. Such decisions will need to be managed effectively as part of the local governance structures being put in place. DfT will also need to manage budgets and costs effectively to ensure later phases can be delivered as planned (paragraphs 2.12 to 2.15).

**14 DfT will need to decide on who will deliver Northern Powerhouse Rail and how that aligns with wider rail reforms.** Network Rail is currently responsible for delivering phase 1. However, this will change as DfT will incorporate Network Rail's functions within Great British Railways as it reforms the wider rail system. This may impact how DfT delivers phase 1. DfT will also need to decide as part of further planning who will undertake the construction of new rail lines on phase 2, with options including the creation of a new delivery body, and on phase 3. Until then, HS2 Ltd is responsible for developing the scope and obtaining consents for phase 2, including taking the hybrid bill through Parliament for the route into Manchester (paragraphs 2.16 to 2.17).

**15 DfT is taking steps to manage the complex set of interdependencies with other rail upgrade programmes.** Northern Powerhouse Rail is expected to interface with other rail programmes and projects, particularly the Transpennine Route Upgrade programme, where DfT has already included additional scope and funding to facilitate works on Northern Powerhouse Rail. DfT has recognised the interdependencies between different rail projects as a key risk for Northern Powerhouse Rail and has already agreed initial arrangements for managing these with some of the projects. It is also setting up a team responsible for managing interdependencies both within and external to Northern Powerhouse Rail. Beyond rail, DfT is planning to work with National Highways and local highway authorities at an early stage to reduce design and construction risks where the railway interfaces with the strategic road network, applying a lesson learned from HS2 (paragraphs 2.18 to 2.21).

**16 DfT has established appropriate steps to identify lessons from other major programmes, but it will need to go further to embed these in Northern Powerhouse Rail.** DfT has acknowledged the importance of addressing the lessons from HS2 – such as those identified in the independent Stewart Review – as well as other major rail programmes. DfT has identified 11 key areas it considers most relevant to Northern Powerhouse Rail. This includes governance and financial management and DfT is seeking to embed these as part of its programme management. However, as we have identified in our other findings, there are areas where there is further work for DfT to do to incorporate lessons learned into the programme, such as around its strategic case and governance structures. The Government Internal Audit Agency also found in January 2026, as part of a DfT wide review, that programme and project teams within DfT do not consistently apply lessons they have identified. It recommended that this be a clear responsibility of senior project leaders. DfT will need to ensure that lessons are fully embedded as part of its management of Northern Powerhouse Rail, as well as continuing to identify new lessons and good practice emerging from other programmes (paragraphs 3.2 to 3.7 and, Figures 9 and 10).

## **Conclusion**

**17** The government has long considered that improving the rail service and infrastructure in the north of England is a vital enabler for economic growth and productivity. DfT has now provided greater clarity over what it will do as part of the Northern Powerhouse Rail programme. However, it has taken over a decade to get to this stage given the significant scope changes during this period. These changes created uncertainty and pushed back delivery of benefits, such as more frequent and faster rail services that would help improve job opportunities in the region. DfT has begun taking steps to set up the programme for success, including identifying key lessons from other programmes to incorporate into its management.

**18** Better transport will help enable growth but, to ensure that the government's vision for economic growth in the north is achieved, further work is needed by DfT to ensure that the programme aligns with national and local growth plans. This will need to be supported by effective cross-government working at both national and local levels to maximise the intended benefits within the resources available. DfT will need to continue to draw on further learning as it continues its planning of the programme to help manage it effectively and secure value for money.

## Recommendations

- a** As part of developing its business case for the programme, DfT should fully align its strategic case with the government's developing Northern Growth Strategy and its areas of focus.
- b** DfT should establish how it will work with key strategic partners in decision-making and funding as part of programme governance, ensuring that roles and responsibilities are clear and understood. This should include determining how its programme governance will align with the government's wider Northern Growth Strategy governance.
- c** In line with our recommendations from our 2025 report on mega-projects, the government should ensure that appropriate governance is put in place for delivering the benefits from its Northern Growth Strategy, including those being enabled by the Northern Powerhouse Rail programme. This should include ensuring that roles and responsibilities are clear across central, regional and local government and that those who have the authority to make decisions are accountable for the impact of those decisions. As co-leads for the government's strategy alongside DfT:
  - HM Treasury should set out and agree how it will engage with DfT, MHCLG and other bodies on the delivery of the benefits of Northern Powerhouse Rail and the wider Northern Growth Strategy and resolve any areas of uncertainty in roles and responsibilities between central government departments; and
  - MHCLG should also set out and agree its role, including how it will support regional and local government bodies with their involvement in delivering the benefits of Northern Powerhouse Rail and the wider Northern Growth Strategy.
- d** As part of developing formal cost estimates for the programme, DfT should review the benefits it can deliver from each phase of the programme against their expected cost. This will help inform any trade-off decisions it may need to make around the level of scope and investment for each phase to maximise the overall benefits of the programme within the funding cap.
- e** DfT should regularly assess how effectively it is implementing relevant lessons learned from other programmes into its management of Northern Powerhouse Rail, including identification of any new lessons relevant to that stage of the programme.

# Part One

## Progress on the Northern Powerhouse Rail programme

**1.1** The north of England has a population size similar to that of London and the south-east of England, containing several large cities including Leeds, Liverpool, Manchester, Newcastle, and Sheffield. However, it has much lower economic performance in comparison, with the government reporting that productivity in the region in 2023 was over 20% lower than in London and the south-east.<sup>2</sup>

**1.2** Successive governments have identified poor transport connections between the major cities in the north as one of the barriers to increased productivity and economic growth in the region. For example, a government commissioned report in 2014 found key issues including limits on the number of additional trains that could be operated; limits on the ability to operate new routes; and issues with the stations themselves being poorly linked to local transport services. This makes it harder for people to commute to other cities, limiting both their job opportunities and the potential pool of workers businesses can recruit from. It is also more difficult for businesses to get together to collaborate across the region, which together limits productivity.

**1.3** Since 2014, the government has been considering plans to improve east–west rail connections across the north of England through the Northern Powerhouse Rail programme. In January 2026, the government published its plans for Northern Powerhouse Rail (**Figure 1** overleaf). This part outlines the progress DfT has made with the programme and sets out:

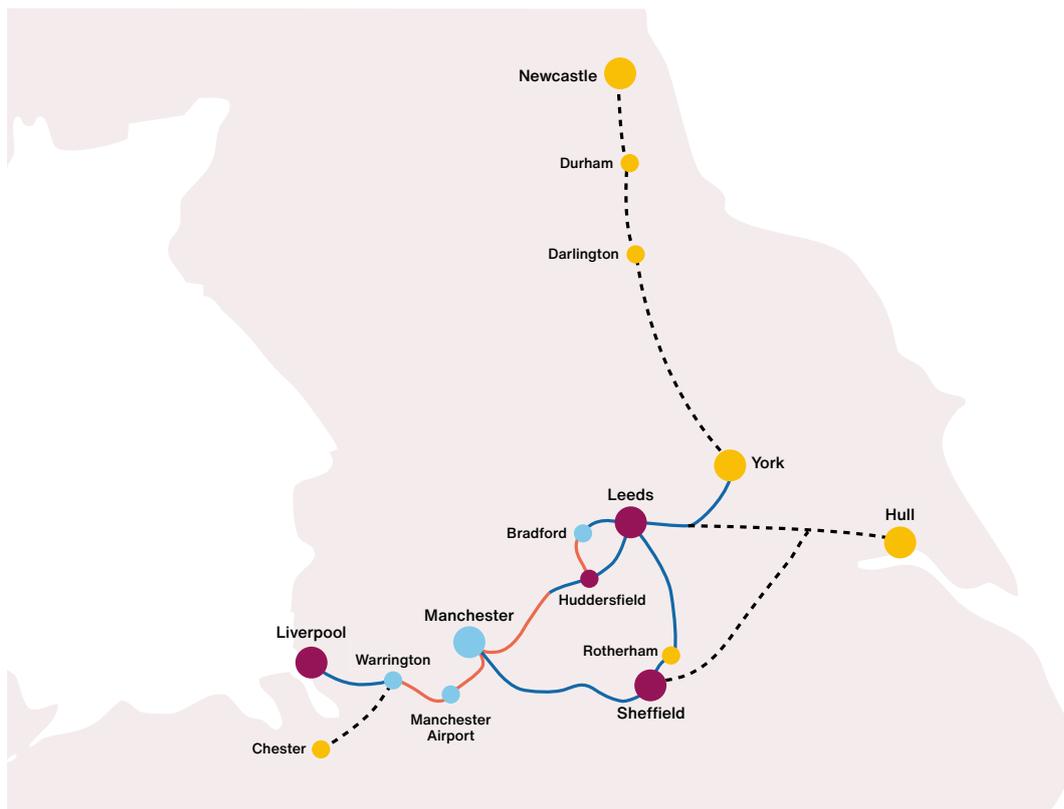
- the roles and responsibilities of the organisations involved;
- its development, including the impact of the cancellation of High Speed Two (HS2) Phase 2 on Northern Powerhouse Rail; and
- the current status of the programme.

<sup>2</sup> HM Government, *Northern Growth Strategy: Case for Change*, January 2026.

**Figure 1**

The Northern Powerhouse Rail planned route in January 2026

Northern Powerhouse Rail will consist of a mix of new rail lines and upgrades to existing lines between major cities in the north of England



- Locations with station upgrades
- Locations with a new station
- Locations with connections to Northern Powerhouse Rail
- Upgraded rail lines
- New rail lines
- - Existing rail lines with service extensions

**Notes**

- 1 Upgrades to existing lines include electrification.
- 2 The Department for Transport (DfT) expects the Liverpool to Warrington route may be a combination of new rail lines and upgrade to existing rail lines.

Source: National Audit Office analysis of Department for Transport documents

## Roles and responsibilities

**1.4** The Department for Transport (DfT) is the department responsible for funding and overseeing delivery for the Northern Powerhouse Rail programme. Two of its arm's-length bodies are responsible for parts of the programme: Network Rail and High Speed Two Limited (HS2 Ltd) (**Figure 2** on pages 16 and 17). There are also a number of other central, regional and local government bodies involved with funding and delivering the wider benefits enabled by the programme, such as Transport for the North.

## Progress since 2014

**1.5** In June 2014 the government announced its ambition to improve transport connections to support economic growth in the north of England. DfT worked with Transport for the North and local government in the region over the next seven years to develop options for the Northern Powerhouse Rail programme (**Figure 3** on pages 18 and 19). This led to three options put forward by Transport for the North in 2019. DfT then conducted further work to develop options and consider their costs and benefits. Following this, DfT estimated the cost of options involving new rail lines to range between £17.2 billion and £46 billion (2019 prices). All options were built on the planned HS2 line into Manchester.

**1.6** In November 2021, DfT published its Integrated Rail Plan for the North and Midlands, setting out its decision to proceed with the £17.2 billion option (**Figure 4** on page 20). This option had the most limited scope, but DfT chose it due to concerns with scope and unaffordability for the other options. It also considered that other options were not well integrated into the rest of the rail network, particularly with the Transpennine Route Upgrade, an existing programme that upgrades the 76-mile-long rail link between Manchester and York.<sup>3</sup>

<sup>3</sup> We separately reported on the progress of the Transpennine Route Upgrade programme in 2022. See Comptroller and Auditor General, *The Transpennine Route Upgrade Programme*, Session 2022-23, HC 572, National Audit Office, July 2022.

## Figure 2

### Key bodies involved with the Northern Powerhouse Rail programme

The Department for Transport (DfT) is responsible for the programme, but there are a number of other central, regional and local government bodies involved in delivering the programme and its wider benefits

Body	Responsibilities on the Northern Powerhouse Rail programme
<p><b>Department for Transport</b></p> <p>Department responsible for setting the strategic direction for the rail industry in England and Wales, including funding investment in infrastructure through Network Rail and high-speed rail projects.</p>	<ul style="list-style-type: none"> <li>● Sets strategic objectives, sets and manages the overall budget and oversees programme delivery as the sponsor.</li> <li>● Ensures alignment with other DfT programmes.</li> <li>● Coordinates with other government departments to help enable wider benefits through the delivery of the programme such as job creation, regeneration and environmental protection.</li> </ul>
<p><b>Network Rail</b></p> <p>DfT arm's-length body responsible for maintaining and enhancing the rail network in Great Britain.</p>	<ul style="list-style-type: none"> <li>● Designing and delivering upgrades to the existing Leeds-Bradford, Sheffield-Leeds, and Leeds-York lines, including station upgrades at Leeds and a new station at Bradford.</li> <li>● Supporting the development of plans for the route to the west of and across the Pennines, including the potential delivery of upgraded lines.</li> </ul>
<p><b>High Speed Two Limited</b></p> <p>DfT arm's-length body responsible for delivering the High Speed Two (HS2) rail programme.</p>	<ul style="list-style-type: none"> <li>● Developing plans for the predominantly new line from Liverpool to Manchester.</li> <li>● This will include managing the HS2 Phase 2 hybrid bill parliamentary process for legal consent for the former HS2 Millington-Manchester section that was transferred into Northern Powerhouse Rail in October 2023.</li> <li>● DfT is considering options on who will construct the new line sections of the Liverpool to Manchester route, including setting up a new delivery body.</li> </ul>
<p><b>HM Treasury</b></p> <p>Department responsible for maintaining control over public spending and setting the direction of the UK's economic policy.</p>	<ul style="list-style-type: none"> <li>● Approves programme funding, both the total amount and interim allocations of funding during each spending review period.</li> <li>● Provides oversight to the programme, including scrutinising the programme's business case and monitoring progress.</li> <li>● Supports cross-government delivery of the programme's benefits as part of the Northern Growth Strategy.</li> </ul>
<p><b>Ministry of Housing, Communities &amp; Local Government (MHCLG)</b></p> <p>Department responsible for housing, planning, local government and community affairs in England.</p>	<ul style="list-style-type: none"> <li>● Manages local growth and regeneration funds that may support delivery of wider growth benefits.</li> <li>● Provides economic analysis contributing to the programme's business case.</li> </ul>
<p><b>Government Envoy for the North</b></p> <p>Appointed by the government to lead on economic growth in the north of England, working across HM Treasury, DfT and MHCLG.</p>	<ul style="list-style-type: none"> <li>● Leads on coordinating central government departments, regional combined authorities and local authorities in designing and delivering the government's economic strategy for the north of England, including Northern Powerhouse Rail.</li> </ul>

**Figure 2** *continued*

## Key bodies involved with the Northern Powerhouse Rail programme

Body	Responsibilities on the Northern Powerhouse Rail programme
<p><b>Transport for the North</b></p> <p>Sub-national transport body for the region, representing 20 local transport and business authorities. Responsible for prioritising and planning long-term strategic transport investments across the north of England.</p>	<ul style="list-style-type: none"> <li>● Co-sponsor for the programme, providing statutory and strategic advice to DfT on behalf of local government.</li> <li>● Provides economic analysis contributing to the programme's business case.</li> <li>● Previously co-client on the programme with DfT until 2021 following the government's decisions on the programme as part of its Integrated Rail Plan for the North and the Midlands.</li> </ul>
<p><b>Mayoral combined authorities and local authorities</b></p> <p>Regional and local government bodies with a range of local responsibilities including managing transport, housing and economic growth in their areas.</p>	<ul style="list-style-type: none"> <li>● Key strategic partners for delivering wider growth benefits enabled by the programme in their local areas.</li> </ul>

**Note**

- 1 This is not an exhaustive list of organisations involved with the programme. It also does not include future bodies that DfT expects to play key roles in the programme, such as Great British Railways.

Source: National Audit Office analysis of the Department for Transport documents

### Figure 3

#### Timeline of key periods in the Northern Powerhouse Rail programme, June 2014 to January 2026

The government has been considering plans for the programme since 2014

##### Initiating the Northern Powerhouse Rail programme (2014–2015)

**The government sets out its ‘Northern Powerhouse’ ambition for improving economic growth in the north of England** (June 2014).

Ambition includes improving transport connections between major northern cities, such as through new rail infrastructure between Manchester and Leeds. This was informed by a government commissioned review on High Speed Two (HS2) in March 2014 which identified the need for such connections in the north.<sup>1</sup>

**The government and Transport for the North publish the Northern Transport Strategy** (March 2015).

The strategy sets out plans for how the government would deliver the transport improvements through different modes of transport, following the ambitions for economic growth in the north set out by the government in June 2014 and by local authorities in July 2014.<sup>2</sup>

**The government publishes its blueprint for transport investment in the north of England** (August 2015).

The government commits to investing £13 billion across rail, strategic road schemes and local transportation to support its Northern Powerhouse ambition.

##### Developing and deciding on scope options (2015–2021)

**The Department for Transport (DfT) works with Transport for the North and local government to develop scope options for the programme** (August 2015 to November 2021).

Transport for the North develops three options for Northern Powerhouse Rail in 2019, with differing scopes for new lines and stations and upgrades to existing rail lines in 2019. Transport for the North sets out its preferred option to be the one with the largest scope of new lines and stations as part of its statutory advice to DfT.

DfT conducts work to further develop options and consider their costs and benefits. Following this work, DfT estimates the cost of options involving new rail lines to range between £17.2 billion and £46 billion (2019 prices).

**The government confirms its scope for the programme as part of its Integrated Rail Plan for the North and the Midlands** (November 2021).

The government decides on the option with the smallest scope at an estimated cost of £17.2 billion (2019 prices). It selects this option due to concerns with the unaffordability and scope of the other options.

##### Start of detailed design (2021–2023)

**DfT, Network Rail and High Speed Two Limited (HS2 Ltd) out detailed design work following confirmation of the option** (November 2021 to October 2023).

Network Rail and HS2 Ltd continue to develop the cost and design of the scope, which informs DfT's early work on the programme's business case.

##### Change to the scope (2023–2024)

**The government changes the scope of the programme as part of its Network North plan that cancelled High Speed Two (HS2) Phase 2** (October 2023).

The government transfers building the HS2 section into Manchester that Northern Powerhouse Rail had planned to use into the Northern Powerhouse Rail programme. It also further expands the scope to include connections to Sheffield, Hull and Bradford. Together this increases the estimated cost of the programme by £13.4 billion to £30.6 billion (2019 prices).

**DfT works on incorporating the scope changes into its detailed design work** (October 2023 to July 2024).

DfT works on how to integrate the scope changes with the plans already developed, particularly on upgrades planned for early delivery, such as at Bradford station.

**Figure 3** *continued*

Timeline of key periods in the Northern Powerhouse Rail programme, June 2014 to January 2026

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**Review of the scope (2024–2026)**

**The government commits to improving rail in the north in the King's Speech** (July 2024).

The government's commitment includes reintroducing and repurposing the High-Speed Rail (Crewe to Manchester) Bill for Northern Powerhouse Rail.

**The government reviews the scope of the programme, including key decisions on whether to retain the former HS2 section into Manchester** (July 2024 to January 2026).

DfT identifies that the former HS2 section is the only route option that enables future work to improve north-south rail connections to the west of the Pennines, but that there would likely be alternative options for meeting the Northern Powerhouse Rail objective of improving connections between Liverpool and Manchester.

DfT conducts studies to determine alternative options between Liverpool and Manchester as well as indicative order of costs to inform ministerial decisions on what the route should be.

**Change to the scope (2026)**

**The government sets out its plans for the programme, as part of its Northern Growth Strategy** (January 2026).

The strategy includes confirmation of the government's commitment to a future new north-south line between Manchester and Birmingham, and that Northern Powerhouse Rail will use the former HS2 section into Manchester as part of its route.

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**Notes**

- 1 HS2 Ltd, *HS2 Plus: A report by David Higgins*, March 2014.
- 2 Leeds, Liverpool, Manchester, Newcastle and Sheffield City Councils, *One North: A Proposition for an Interconnected North*, July 2014.

Source: National Audit Office analysis of government documents

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**Figure 4**

## Northern Powerhouse Rail programme scope changes since 2021

There have been changes to the scope of the programme since the Department for Transport (DfT) confirmed its plans for Northern Powerhouse Rail in November 2021

Announcement	Integrated rail plan (November 2021)	Network North (October 2023)	Northern Growth Strategy (January 2026)
<b>Rail lines</b>			
Predominantly new line between Liverpool and Manchester	●	●	● <sup>1</sup>
New lines and upgrades to lines between Manchester and Leeds <sup>2</sup>	●	●	●
Upgrades to existing lines between Manchester and Sheffield	○	●	●
Upgrades to existing lines between Leeds and Sheffield	○	●	●
Upgrades to existing lines between Leeds and York	●	●	●
Upgrades to existing lines between Bradford and Leeds	●	●	●
Upgrades to existing lines between Leeds and Hull and between Sheffield and Hull	○	●	○
Upgrades to existing lines north of York	●	●	○
<b>Stations</b>			
New station at Warrington	●	●	●
New station at Manchester Airport	● <sup>3</sup>	●	●
New station at Manchester Piccadilly	● <sup>3</sup>	●	●
New station at Bradford	○	●	●
<b>DfT's estimated cost of Northern Powerhouse Rail</b>	<b>£17.2 billion (2019 prices)</b>	<b>£30.6 billion (2019 prices)</b>	<b>Estimated cost to be determined</b>  <b>The government has set a £45 billion funding cap<sup>4</sup> (2025 prices)</b>

● Included ○ Not included

**Notes**

- The Department for Transport (DfT) expects that the Liverpool to Warrington route may be a combination of new rail lines and upgrades to existing rail lines, with a new between Warrington and Manchester.
- New line between Manchester and Marsden, upgrades to existing lines for the rest of the route to Leeds.
- In the Integrated Rail Plan, the new stations at Manchester Piccadilly and Manchester Airport were part of HS2 Phase 2, but integrated with Northern Powerhouse Rail to connect Liverpool and Manchester. These were formally brought into Northern Powerhouse Rail in the Network North announcement.
- DfT has not yet set out formal cost estimates for the programme but confirmed a £45 billion funding cap for the whole programme on spend from 2026-27.
- Upgrades to existing lines include electrification.
- This figure excludes scope elements relating to station upgrades.

Source: National Audit Office analysis of Department for Transport documents

## Impact of the cancellation of HS2 Phase 2

**1.7** In October 2023, the government announced that it would be cancelling Phase 2 of the HS2 programme as part of its Network North plan. This plan transferred the HS2 rail connection into Manchester via its airport, which Northern Powerhouse Rail planned to use, into the Northern Powerhouse Rail programme. It also added new elements to the scope (Figure 4). These changes increased DfT’s estimated cost of Northern Powerhouse Rail by around £13.4 billion to £30.6 billion (2019 prices). Together with the HS2 cancellation also impacting the level of potential benefits from Northern Powerhouse Rail, this reduced DfT’s estimated benefit–cost ratio for Northern Powerhouse Rail from around 0.8 to 0.4, following government standard guidance on appraisal estimates.<sup>4</sup> Although a benefit–cost ratio less than 1 may suggest that a project is ‘poor’ value for money, government guidance sets out that this is just one factor that should be considered when assessing whether a project is value for money.

**1.8** Following the cancellation, DfT recognised that the HS2 section into Manchester was not required to meet its objective of improving connections between Liverpool and Manchester. However, DfT viewed this section as the only option that enabled future work to improve north–south connections to the west of the Pennines, via a new line from Manchester to Birmingham. The increasingly limited capacity on the West Coast Main Line north of Birmingham was a strategic issue HS2 Phase 2 had been intended to address. Without a requirement for Northern Powerhouse Rail to use the HS2 section into Manchester, there were lower-cost route options between Liverpool and Manchester. In September 2024, DfT commissioned work to identify what the alternative options could be for the route and stations, including Manchester Airport, and the indicative order of costs. This informed ministerial decisions during 2025 on whether to still include the HS2 section as part of Northern Powerhouse Rail to allow future rail improvements on the west coast.

### Engaging with local strategic partners

**1.9** The government had planned to announce details about the programme in spring 2025 alongside the Spending Review and its 10-year infrastructure strategy. However, there were delays on confirming plans for the programme as it looked to make decisions on the scope. This included decisions on the strategic choice around the north–south connections.

4 HM Treasury, *The Green Book: UK Government guidance on appraisal*, 2026.

**1.10** Mayoral combined authorities and local authorities along the route are key strategic partners in delivering the wider growth that the programme would enable. However, the combined authorities that we spoke with told us that they felt that the engagement they had with DfT has not always been effective due to the delays. They told us that the absence of updates regarding the route had constrained their ability to engage further with DfT, such as on planning initiatives or reviewing detailed analyses that DfT would have shared in the past.

**1.11** Mayoral combined authorities also told us that they needed time to respond to any changes and align their own plans to the programme. Without certainty about the programme, it was difficult for them to make investment decisions and progress other plans. This included local transport plans that integrate with the programme or wider spatial development plans. Mayoral combined authorities will now need to work with the individual local authorities within their region to revise any plans that have been impacted, which will take time. Local authorities have already had to adapt to the changes announced in October 2023's Network North paper, just two years after the Integrated Rail Plan in November 2021.

**1.12** DfT told us that, as ministerial decisions needed to be made about Northern Powerhouse Rail, this limited what it could communicate to local authorities during 2025. We heard from both DfT and local stakeholders that engagement had been more positive where DfT could continue development of its plans with local authorities, such as the new station at Bradford.

### **Current status of the Northern Powerhouse Rail programme**

**1.13** In January 2026, the government published its plans for the Northern Powerhouse Rail programme. This will involve building new rail lines and stations as well as upgrades to existing lines and stations (Figures 1 and 4). Together this is expected to provide more frequent train services and reduce journey times between Liverpool and Manchester to the west and Leeds, York and other cities to the east of the Pennines. The government also set out its commitment to building a new line between Birmingham and Manchester in the future to improve north-south connections. It therefore confirmed Northern Powerhouse Rail would proceed with the former HS2 section into Manchester and its airport, as transferred into the programme from HS2 in October 2023 (paragraph 1.8).

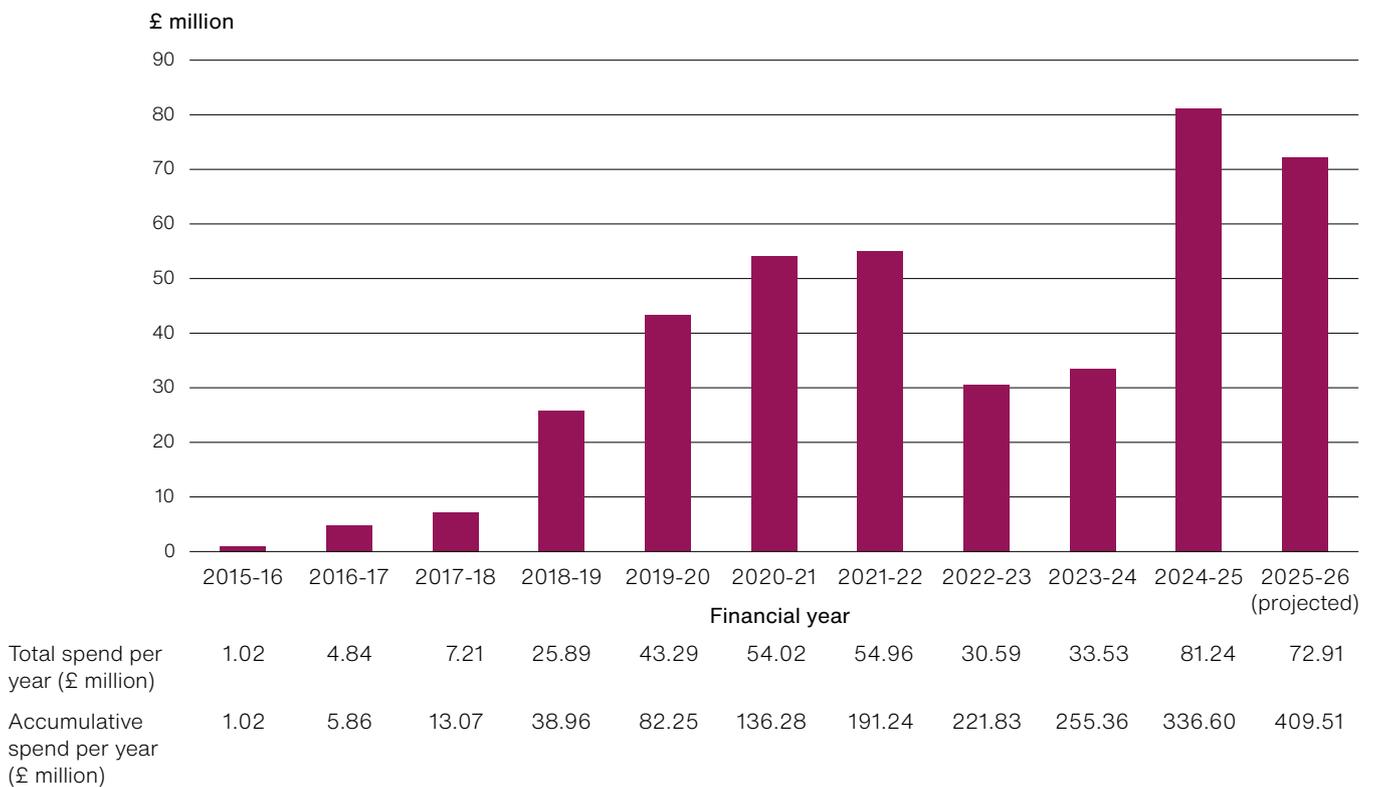
**1.14** The government has set a funding cap of £45 billion (2025 prices) on programme spend from 2026-27, which it will adjust for inflation over time. DfT has not yet set out formal cost estimates for the programme, as it looks to develop the scope further first. It has approved funding of £1.1 billion (in cash prices) for the four years to 2029-30 for conducting this work.

**1.15** The funding cap will not include spending already incurred up to the end of March 2026. DfT expects to have spent around £410 million (in cash prices) between 2015-16, when the programme began, and 2025-26 (**Figure 5**). This has been mainly on the design work for the programme, including developing options for key infrastructure upgrades to be carried out by Network Rail. This excludes the spend by HS2 Ltd on planning the HS2 section into Manchester prior to its transfer into Northern Powerhouse Rail.

### Figure 5

The Department for Transport's (DfT's) spend on the Northern Powerhouse Rail programme between 2015-16 and 2025-26

**DfT expects to have spent a total of £410 million on the programme by the end of March 2026**



#### Notes

- 1 Costs are in cash prices.
- 2 This excludes the spend by High Speed Two Limited on planning the High Speed Two (HS2) section into Manchester prior to the High Speed Two Phase 2 cancellation and its transfer into the programme.
- 3 Spend for 2025-26 includes DfT's forecast spend for February and March 2026.
- 4 Accumulative spend totals do not sum due to rounding.

Source: National Audit Office analysis of Department for Transport financial data

## Part Two

### Setting up the Northern Powerhouse Rail programme

**2.1** The Department for Transport (DfT) expects to complete its business case for the revised Northern Powerhouse Rail programme in summer 2026. This business case should confirm the programme's strategic context, make a robust and strategic case for change (the 'strategic case'), and provide an early indication of the proposed way forward and indicative costs.

**2.2** This part examines how DfT is setting up the programme during this scoping stage to support its successful delivery. We assess:

- how DfT is establishing the strategic case for the programme;
- the governance in place for delivering the programme and its wider benefits; and
- DfT's approach to delivery and the challenges it will need to address.

#### **Strategic case for the Northern Powerhouse Rail programme**

**2.3** Since 2014, successive governments have changed their plans for the Northern Powerhouse Rail programme and its alignment with wider plans for economic development in the north of England (Figures 3 and 4). For example, the government's decisions about scope for the programme in the last five years have been set within the context of rail and transport for the region rather than as part of a wider economic growth strategy. We heard from some regional stakeholders that they considered the initial case for the programme had a strong focus on economic growth, but that this had been lost over time.

**2.4** In January 2026, the government published its *Northern Growth Strategy: Case for Change*, which intends to re-establish its wider plans for the north of England.<sup>5</sup> It is led jointly by HM Treasury, DfT and the Ministry for Housing, Communities & Local Government (MHCLG). The strategy set out future areas the government will focus on improving, such around urban regeneration and industrial growth as well as transport. This included how Northern Powerhouse Rail will contribute as an enabler of wider economic benefits, with better connections between northern city regions and towns widening the pool of workers available to firms and the opportunities available to workers. It has not yet, however, set out how investment in these areas of focus might be prioritised to help inform any trade-off decisions that may need to be made between them. The government plans to develop and publish further details on its plan for growth in the north in spring 2026.

**2.5** DfT is seeking to align the strategic case for Northern Powerhouse Rail to these wider government plans, as part of its work to complete the programme's business case by summer 2026. DfT has also been working with MHCLG on productivity and growth analysis to build the economic case for the programme.

## **Governance**

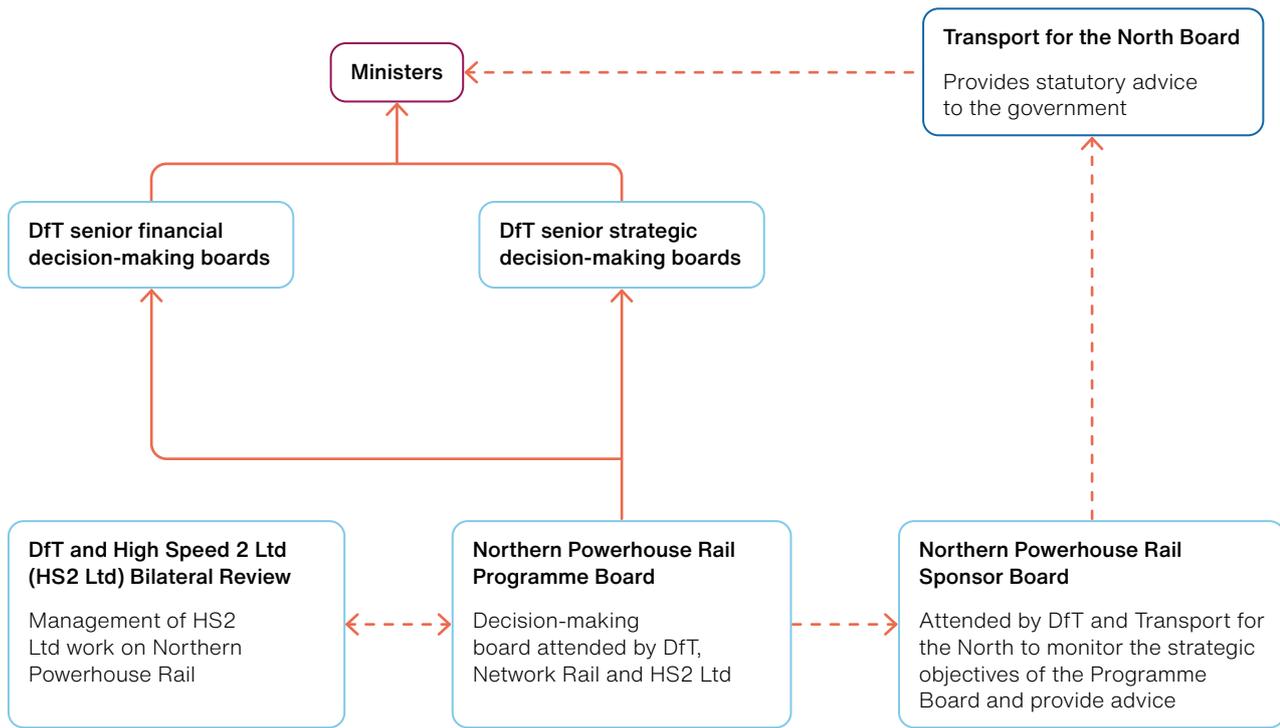
**2.6** DfT's governance structure for the programme has focused on delivering rail improvements, with the main programme board attended by DfT, Network Rail and High Speed Two Limited (HS2 Ltd) (**Figure 6** overleaf). Such arrangements are typical of most projects and programmes, with a single department accountable for its delivery. In September 2024, Transport for the North raised some concerns about the effectiveness of the Northern Powerhouse Rail Sponsor Board, which provides strategic direction to DfT on behalf of the northern local authorities. Its concerns related to the number of actions that were still outstanding and the time being taken to resolve them by DfT. As at February 2026, DfT is reviewing its governance structure for the programme.

<sup>5</sup> HM Treasury, Department for Transport and Ministry of Housing, Communities & Local Government, *Northern Growth Strategy: Case for Change*, CP 1485, January 2026.

**Figure 6**

The Department for Transport’s (DfT’s) governance for the Northern Powerhouse Rail programme as at February 2026

DfT’s programme governance brings together DfT, Network Rail and High Speed Two Limited (HS2 Ltd), with advice to ministers also provided by Transport for the North<sup>1</sup>



- Ministers
- Department for Transport (DfT) chaired
- Transport for the North chaired
- Decision-making route and escalation
- > Provides advice

**Note**

<sup>1</sup> DfT is reviewing its governance structure for the programme.

Source: National Audit Office analysis of the Department for Transport’s documents

**2.7** In our March 2025 lesson learned report on mega-projects we set out that the government may need to manage costly, innovative, risky, complex and/or strategically important projects differently to other projects.<sup>6</sup> The Office for Value for Money's 2025 report on mega-projects defined characteristics of mega-projects, and we assess that Northern Powerhouse Rail shares many of them (**Figure 7** overleaf). The government confirmed in January 2026 that it views Northern Powerhouse Rail as a programme comprising of a range of different projects rather than one single mega-project. However, for the government to deliver the transformational benefits enabled by the programme – including business investment and housing development – it will need others in central and local government to conduct supporting activities that align with the government's overall ambition for growth in the north. In our 2025 report on mega-projects we recommended that the government consider using alternative approaches to governance in these cases rather than standard models where one department is ultimately responsible. Our view is that alternative governance arrangements would be more suitable for the delivery of this programme's benefits.

**2.8** As of January 2026, DfT has had regular engagement with MHCLG, HM Treasury, and individual mayoral combined authorities regarding the development of the programme. However, there are no formal governance structures in place yet to bring together the multiple national and local government bodies involved in funding and delivering the programme and its intended outcomes. It is also not yet clear how DfT will engage with its key central government partners, HM Treasury and MHCLG. DfT is considering potential arrangements following the January 2026 announcement.

**2.9** The government set out how it intends to involve local leaders in the programme as part of its Northern Growth Strategy. DfT plans to work with delivery boards attended by combined authority mayors and ministers, including the Liverpool-Manchester Railway Board and the White Rose Partnership. It is expected that these boards will not have a decision-making role, but will instead make recommendations to Ministers. This will be overseen by the Government Envoy for the North, whom the government appointed in October 2025 to coordinate the planning and delivery of its ambitions. DfT will need to confirm these arrangements with the combined authorities but it has signed agreements setting out how they will collaborate to deliver the programme, including on key decisions and funding mechanisms. These arrangements may help decision-making between bodies to deliver the best outcomes in each local area, including resolving any trade-offs between different activities and the benefits they can provide. However, there will need to be clarity around roles and accountability for these boards to be effective, including how they align with funding and delivery responsibilities.

<sup>6</sup> Comptroller and Auditor General, *Lessons learned: Governance and decision-making on mega-projects*, Session 2024-25, HC 545, National Audit Office, March 2025.

**Figure 7**

## National Audit Office (NAO) assessment of the Northern Powerhouse Rail programme against mega-project characteristics

The programme presents many of the characteristics of a mega-project as defined by the government

Mega-project characteristics as set out by the Office for Value for Money <sup>1</sup>	NAO assessment of the programme against characteristics
Strategically important, with transformational impacts on the economy, society or national security	✔ Intended as an enabler for greater economic growth in the north
Cross-cutting impacts, spanning multiple government departments	✔ Intended to support local plans for housing, business and other growth development across the north of England, not just transportation
Take longer to deliver than other major projects – they are typically once in a generation projects that take longer than 10 years and span multiple Parliaments	✔ The Department for Transport (DfT) estimates the programme will be delivered into the 2040s
Very expensive, with estimated whole life costs of more than £10 billion, meaning proportionately small cost overruns can have a big financial impact	✔ The government has set a funding cap of £45 billion (2025 prices) for the whole programme
Not scalable and cannot be broken into smaller projects	✘ Delivered in three phases. Work across these phases is connected, and includes large and complex activities in each phase
Do not take longer than 50 years to deliver – otherwise they would constitute business as usual	✔ DfT estimates the programme will be delivered over the next two decades

**Note**

1 These are the characteristics of mega-projects defined by the Office for *Value for Money in Value for money study: governance and budgeting arrangements for mega projects*, June 2025.

Source: National Audit Office analysis of Department for Transport and Office for Value for Money documents

## Phasing of the Northern Powerhouse Rail programme

**2.10** In January 2026, DfT announced it will deliver the Northern Powerhouse Rail programme in three phases, starting with what it has identified as the ‘quickest wins’ east of the Pennines (**Figure 8** overleaf). It intends each phase to deliver not only the rail infrastructure works but also the changes to operations, including timetabling, that will enable the additional train services to run.

**2.11** This phased delivery approach should enable DfT to deliver the programme’s benefits incrementally, rather than waiting to complete the full programme. For example, DfT and local government could start providing improved passenger services and proceed with local development east of the Pennines in the 2030s, while work on the later phases progresses. To do so, DfT will need to make sure the necessary elements are in place at the right time. This includes having a revised timetable agreed with the train operating companies and appropriate rolling stock put in place, as well as completing the rail infrastructure work. DfT will need to ensure effective joint working across rail bodies and local stakeholders to maximise the opportunities of this phased approach.

## Developing the scope of the Northern Powerhouse Rail programme

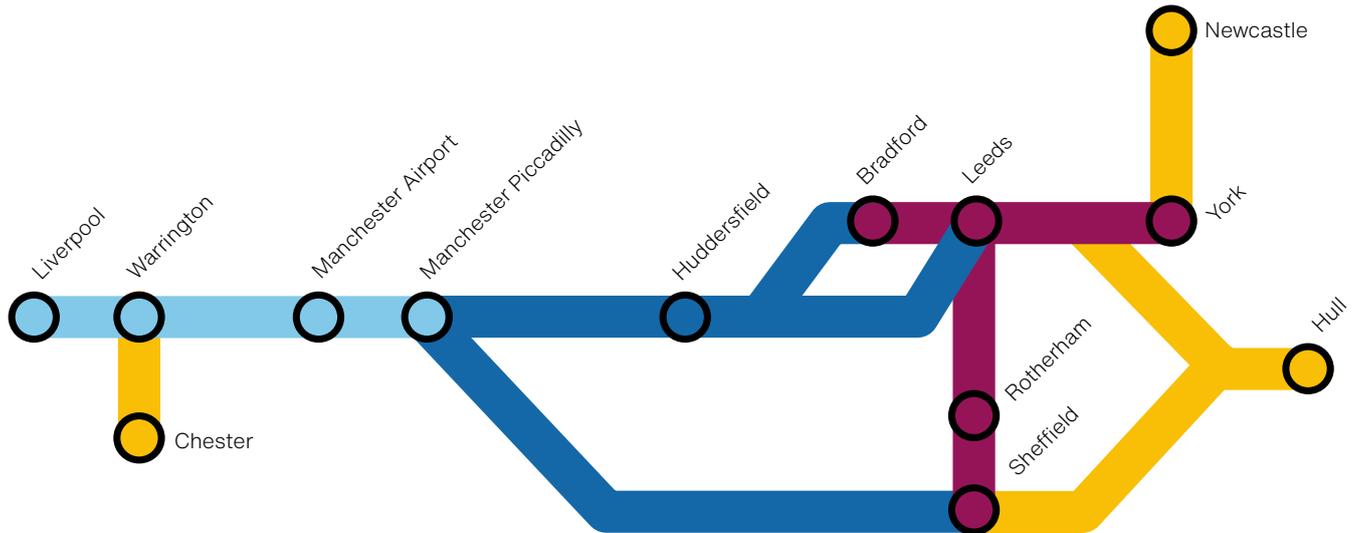
**2.12** DfT has further work to develop the scope of the three phases of the programme and their cost and schedule, with the phases at different stages. For example, the plans for phase 1 are most advanced, with Network Rail expecting to begin detailed design within the next two years. However, on phase 2, the detailed route across many parts of the Liverpool–Manchester line will still need to be determined. This will include taking through Parliament the hybrid bill to gain legal consent for the section of the route into Manchester. DfT does not expect to complete this process until the end of the decade. DfT plans to work with the mayoral combined authorities and other local partners to develop scope that will fully integrate with local transport and development plans.

**2.13** The government has set out a £45 billion (2025 prices) funding cap on programme spend from 2026-27, requiring DfT to develop a scope that can be delivered within this. The government has put this in place to ensure the programme remains affordable. DfT and HM Treasury told us that this funding cap was informed by factors including early estimated cost ranges based on potential scope options and assessment of long-term affordability.

**Figure 8**

The phases of the Northern Powerhouse Rail programme as at January 2026

The Department for Transport (DfT) plans to deliver the programme over three phases, with the first phase expected to complete in the 2030s and the others in the 2040s



Phase	Description	Approximate completion timings
■ Phase 1	<ul style="list-style-type: none"> <li>• Electrification and upgrades to the Leeds–Bradford, Sheffield–Leeds and Leeds–York lines.</li> <li>• Upgrades to Leeds and Sheffield stations.</li> <li>• New station at Bradford.</li> </ul>	2030s
■ Phase 2	<ul style="list-style-type: none"> <li>• A combination of new rail lines and upgrades to existing rail lines between Liverpool and Warrington.</li> <li>• New line from Warrington to Manchester Piccadilly.</li> <li>• New stations at Manchester Airport, Warrington Bank Quay Low Level and Manchester Piccadilly.</li> </ul>	Mid 2040s
■ Phase 3	<ul style="list-style-type: none"> <li>• Improved connections across the Pennines. This will focus on the Manchester–Leeds, Manchester–Bradford and Manchester–Sheffield lines, building on upgrades already being delivered between Manchester and York through the Transpennine Route Upgrade programme.</li> </ul>	Mid 2040s onwards
■ N/A	<ul style="list-style-type: none"> <li>• Regular Northern Powerhouse Rail services continue onto existing infrastructure.</li> <li>• The government will also consider the economic case for further rail interventions in the North East.</li> </ul>	N/A

Source: National Audit Office analysis of Department for Transport documents

**2.14** As a result, DfT will likely need to make trade-offs between maximising the potential growth benefits in a local area and what it might cost as it progresses with scope development. For example, it will need to determine the new station design at Manchester Piccadilly, where the underground option is expected to be more costly than alternatives at surface level but would enable more development opportunities above the station. DfT will also need to manage budgets and costs effectively to ensure later phases can be delivered as planned. If costs to deliver the earlier phases increase, DfT will have to decide what scope to reduce in later phases to stay within the funding cap.

**2.15** DfT expects that, where additional works as part of the programme could enable further growth opportunities, such as at Manchester Piccadilly, local authorities could provide additional funding. How such funding arrangements will work will be determined in each case. Such decisions will need to be managed effectively as part of the local governance structures being put in place (see paragraphs 2.8 and 2.9).

### **Delivery responsibility**

**2.16** Different bodies are responsible for scoping, planning and building different parts of the programme (Figure 2).

- Network Rail is responsible for delivering phase 1 covering the upgrades east of the Pennines.
- HS2 Ltd is responsible for developing the scope and obtaining consents for phase 2, the new route from Liverpool to Manchester. This includes taking the hybrid bill through Parliament for the section of the route into Manchester. DfT is considering a range of options for its construction, including potentially creating a new delivery body. DfT considers that there is sufficient time to take this decision as planning work progresses, with construction not expected on phase 2 until the 2030s.
- DfT has not yet taken decisions on the long-term delivery strategy for the programme, including who will be responsible for the new line elements of phase 3.

**2.17** DfT will need to decide how to integrate programme delivery into its wider rail reforms. DfT plans to establish a new body, Great British Railways (GBR), to bring together the management of both track and train into a single “directing mind” for rail. It will incorporate Network Rail’s functions within GBR, which may impact how phase 1 is delivered.

## **Managing interdependencies**

**2.18** As well as managing the connections between phases of the Northern Powerhouse Rail programme (Figure 8), DfT has to manage the complex interdependencies with other rail programmes and projects. DfT has identified this as a key risk for the programme. It has mapped key programme interfaces out to 2030-31, and the Northern Powerhouse Rail Programme Board discusses these regularly.

**2.19** The most significant interdependency is with the Transpennine Route Upgrade programme, which is upgrading the line between Manchester and York, via Huddersfield and Leeds. Phase 3 of Northern Powerhouse Rail will build on the infrastructure delivered through the Transpennine Route Upgrade. For example, the upgrade of Huddersfield station under the Transpennine Route Upgrade programme may require an additional platform to support the Northern Powerhouse Rail scope. In November 2021, DfT expanded the scope and funding to the Transpennine Route Upgrade programme to include elements that Northern Powerhouse Rail would use. This includes the construction of additional tracks and passing sections for freight trains.

**2.20** DfT has set up initial agreements with the Transpennine Route Upgrade programme and with the programmes relevant to the upgrades at Leeds Station. These agreements set out the key interdependencies and potential tensions between Northern Powerhouse Rail and the other programmes and arrangements for managing these. For example, the Northern Powerhouse Rail, West Yorkshire Mass Transit and the existing Leeds station programmes have overlapping plans for Leeds station. Northern Powerhouse Rail will likely need new platforms to be built at the station, while local transport needs include a mass transit and bus interchange, revised highways and new pedestrian access to the station. The relevant delivery bodies, together with local stakeholders, are discussing how to align their plans.

**2.21** DfT is setting up a team within Northern Powerhouse Rail responsible for overseeing integration and managing interdependencies, both within, and external to, the programme. The team will not have a decision-making role but will facilitate agreement between the relevant parties. DfT is also planning to work with National Highways and relevant local highway authorities at an early stage to reduce design and construction risks of interfaces with the strategic road network, applying a lesson learned from High Speed Two.

# Part Three

## Learning lessons from other programmes

**3.1** This part explores key lessons for the Northern Powerhouse Rail programme learnt from the delivery of other major programmes. It sets out:

- the Department for Transport's (DfT's) approach to learning lessons from other major rail programmes and how it is embedding these in its management of Northern Powerhouse Rail; and
- key lessons we have identified from our past work on major rail projects and other major projects relevant to Northern Powerhouse Rail at this stage.

### **The Department for Transport's approach to learning lessons**

**3.2** Following significant issues in the delivery of major rail programmes such as Crossrail and High Speed Two (HS2), DfT recognises the need for Northern Powerhouse Rail to avoid similar failures. There have already been reviews and recommendations on how the government should manage major projects, particularly following the cancellation of HS2 Phase 2 in October 2023. These include an independent review by James Stewart on HS2 and a review by the Office for Value for Money (OVfM) which, alongside our own lessons learned report, focused on how the government manages especially large and complex mega-projects.

**3.3** DfT is taking a planned approach to identifying relevant lessons and good practice to inform its management of Northern Powerhouse Rail. It has drawn from other major rail programmes and past lessons learned reviews, as well as holding workshops to identify relevant lessons. DfT has identified 11 key themes and, as at February 2026, is tracking 24 high-level actions to ensure it is embedding lessons into its management of the programme (**Figure 9** on pages 35 and 36). Some actions will require further work to address the lessons identified, and on others DfT will need to work with others across government. For example, DfT will need to work with HM Treasury on what the long-term funding arrangements for the programme might be after 2029-2030.

**3.4** DfT will need to continue identifying other lessons and good practice emerging from other programmes and embed these into its management of Northern Powerhouse Rail. DfT will also be able to identify learning from within the programme as it progresses, for example drawing lessons from phase 1 into the later phases. DfT has appointed 'lessons champions' to help identify and implement actions.

**3.5** In January 2026, the Government Internal Audit Agency reviewed DfT's department-wide approach to lesson learning. It found that, although DfT has a well-designed and clear lessons learned framework, programme and project teams within DfT did not consistently share and apply lessons they have identified. It recommended that DfT makes lesson learning a clear responsibility of senior responsible owners for projects, and that it establishes mechanisms for tracking compliance with its lessons learned framework at programme, portfolio and group level.

### **National Audit Office review of lessons**

**3.6** We have also identified 10 key lessons, focusing on those most relevant to Northern Powerhouse Rail at this stage of the programme (**Figure 10** on pages 37 to 39). We have drawn these from our past work on major rail projects and lessons learned reports and good practice guides on major project delivery. We consider that DfT should be fully establishing six of these in its business case for the programme. These are the lessons on strategic case, scope, governance, benefits, working with strategic partners, and managing interdependencies.

**3.7** The remaining four lesson areas will become more relevant as DfT progresses with its planning. DfT recognises it will need to incorporate them into its management of the programme. It has already identified three of them – cost and schedule estimating and reporting; establishing the right culture; and managing the hybrid bill through Parliament as part of obtaining legal consent – among its 11 key lesson themes and associated actions (Figure 9). DfT has not specifically identified the fourth, on stakeholder engagement, as a key lesson. However, it has begun to develop plans on how it will engage with all stakeholders, including transport users, now that the government has set out its plans for the programme. We have not reviewed DfT's work in these areas.

**Figure 9**

The Department for Transport's (DfT's) key lessons for the Northern Powerhouse Rail programme, as at February 2026

DfT has identified 11 themes from its delivery of previous major rail programmes, and 24 actions for embedding these lessons into Northern Powerhouse Rail

Theme of lesson learned <sup>1</sup>	Number of high-level actions <sup>2</sup>	Example action <sup>2</sup>	Expected action completion timescale
<b>Governance and accountability:</b> Governance processes that do not involve the right expertise and stakeholders can lead to unchallenged decisions and a lack of consensus. It is also important to prioritise scope elements to help plan effectively.	4	Establish external governance arrangements with local leaders.	Within 6 to 12 months
<b>Skills, capabilities and set-up to be an effective client:</b> Inadequate engineering or contract management expertise, or no effective central 'controlling mind' in place creates a risk of diverging from the minimum viable product and generating unnecessary costs.	3	Establish a design authority (expected to be within Network Rail) as the 'controlling mind'.	Within 6 months to 3 years
<b>Route design:</b> Previous programmes have underestimated costs of earthworks and interfaces with strategic road networks.	2	Establish strong working relationships with national and local highway authorities at an early stage to reduce design and construction risks where the railway interfaces with the strategic road network.	1 year to over 3 years
<b>Design and standards:</b> There are a number of incentives to over-engineer during design and construction which increases costs and time. Insufficient time to iterate scope, design and cost estimates in the early stages also risks locking in over-specified or unaffordable options.	2	Establish an independent review panel to help challenge the application of technical standards.	1 to 3 years
<b>Obtaining legal consent through a hybrid bill:</b> Scope changes made through the hybrid bill on High Speed Two (HS2) were significantly under-costed.	3	Ensure Parliament is given realistic advice on the cost and deliverability of any scope changes.	Within 6 months to over 3 years
<b>Commercial model:</b> Some contracting models are not suitable for building new railway lines and increase the risk of outturn costs far exceeding contractors' initial bids.	1	Ensure all commercial and procurement strategies are subject to rigorous review.	1 to 3 years
<b>Contract management:</b> Weak contract management has previously led to programme failure and can compound any risks associated with the commercial model.	1	Continue to refine the programme's resourcing and capacity plan, considering which critical areas of expertise will be required and when.	Within 6 to 12 months
<b>Programme controls and reporting:</b> Inadequate programme data, controls and reporting allow problems to go undetected for an extended time, making programme recovery more difficult once issues are finally identified.	1	Develop a robust project controls suite.	Within 6 to 12 months

**Figure 9** *continued*

The Department for Transport's (DfT's) key lessons for the Northern Powerhouse Rail programme, as at February 2026

Theme of lesson learned <sup>1</sup>	Number of high-level actions <sup>2</sup>	Example action <sup>2</sup>	Expected action completion timescale
<b>Systems integration:</b> Integrating the different systems required for the new infrastructure to become operational has posed challenges on many major projects.	2	Develop an integrated master schedule for the overall programme, including workstreams from all delivery partners.	1 year to over 3 years
<b>Culture:</b> DfT should foster a culture of a shared focus across all partners.	1	Agree formal ways of working with delivery bodies, considering opportunities for co-location.	Within 6 to 12 months
<b>Financial management:</b> Previous programmes have lacked budget discipline, with expectations that budgets could be increased. The programme team should draw out lessons on cost efficiency mechanisms used in other programmes.	4	Review and refine the process for benchmarking baseline cost estimates and ensure they are rigorously assessed.	Within 6 months to 3 years

**Notes**

- 1 DfT has drawn on lessons learned reviews of previous major rail programmes and held workshops to identify the key lessons it considers relevant to the Northern Powerhouse Rail programme. It has summarised these under the 11 lesson themes presented in this figure.
- 2 As at February 2026, DfT has identified 24 high-level actions to ensure the lessons are embedded into its management of the programme. Actions often contain several sub-actions.
- 3 In addition to the lessons set out in this table, DfT identified as an overall lesson that poor sharing and implementation of learning across major projects has led to similar types of failures across multiple projects and programmes. It has work underway to review and update its lessons management process.

Source: National Audit Office analysis of Department for Transport documents

**Figure 10**

## National Audit Office lessons learned from major projects most relevant to Northern Powerhouse Rail

We have identified 10 key lessons from our previous work on major projects, particularly rail projects, that we consider are most relevant to Northern Powerhouse Rail at this stage of the programme<sup>1,2</sup>

Theme	
As part of development of the business case of a programme	
<b>Strategic case</b>	<p>It is important to set out a clear strategic case for any programme. This should include setting out what the programme should achieve, how its objectives are prioritised and how it aligns with other government plans to deliver the outcomes intended.</p> <p>In our lessons learned report on mega-projects, we set out that from our work on the High Speed Two (HS2) programme we found that the core reason for building the railway changed over time. Different opinions about why it was important meant that decisions were no longer aligned to a central purpose, leading to the programme losing support.<sup>3</sup></p>
<b>Scope</b>	<p>Programmes need a clear scope that aligns with their prioritised strategic objectives. Key uncertainties should also be identified, and options selection should include consideration across a range of scenarios.</p> <p>Our lessons learned work on delivering major programmes shows that a clear and aligned scope enables the government to make good decisions in the early stages about what is the right scope to deliver the intended outcomes, and helps it assess any potential changes to the scope or objectives over the course of the programme.<sup>4</sup> Our good practice guide on managing uncertainty sets out that, since uncertainty cannot be completely removed or mitigated, programmes should be designed with enough flexibility to deal with ongoing uncertainty, for example taking a phased approach or piloting to test and learn.<sup>5</sup></p>
<b>Benefits</b>	<p>It should be clear who will be responsible for delivering the full range of benefits and how they will do so. This should include consideration of what additional activity and investment could be needed to deliver the benefits.</p> <p>In our lessons learned work on delivering value from major projects, we reported that there should be clear ownership and accountability for delivering value. We also found that rail projects are good examples of where additional investment is needed to drive value, rather than simply building a railway.<sup>6</sup></p>
<b>Working with strategic partners</b>	<p>Programmes should be clear on how they intend to work with strategic partners throughout the course of the programme to achieve their objectives.</p> <p>We found on the East-West Rail programme in 2023 that original cross-government governance arrangements to plan and deliver growth in the region were not sustained. We concluded that improved communication and joint working between central government and local bodies were needed to achieve the goals of the project over the long term.<sup>7</sup></p>
<b>Governance</b>	<p>Programmes should have clear governance structures, with clear roles and responsibilities, and which reflect the bodies involved and the programme's strategic objectives.</p> <p>In particular, we found that complex programmes that affect multiple sectors of society and the economy can require multiple departments, different tiers of government and other organisations to be involved in decision-making and governance structures. Where it is not managed well, this complexity can lead to complicated and confused governance structures.<sup>3</sup></p>

**Figure 10** *continued*

National Audit Office lessons learned from major projects most relevant to Northern Powerhouse Rail

Theme	
<b>Managing interdependencies</b>	<p>There should be appropriate processes and clear responsibilities for identifying and managing interdependencies.</p> <p>Our lessons learned work on major programmes highlights how successful programme delivery often depends on integration with other programmes and projects. We have often seen bodies fail to establish how an entire programme will be delivered and who is responsible for carrying out the additional activity required for success. This leads to additional resources being needed to reintegrate the programme, or even instances where one element of the programme being late prevents the entire programme from achieving its objectives.<sup>4</sup></p>
<b>As part of further planning</b>	
<b>Wider stakeholder management</b>	<p>In addition to working with strategic partners, programmes should take account of the views and needs of end users, operators and other stakeholders at an early stage.</p> <p>In our lessons work on delivering value from major projects, we set out that consulting stakeholders early can help to ensure that a focus on value is established early and enable a project to meet the needs of users and stakeholders. Managing the perception of stakeholders is also important to build the support and momentum required to succeed.<sup>6</sup></p>
<b>Culture</b>	<p>Programmes should establish a clear culture of outcome-focused delivery and transparency across its delivery bodies and strategic partners and put in place mechanisms for embedding this in working practice at all levels.</p> <p>Our lessons learned work on delivering major programmes set out that organisations should examine their and their contractors' culture and behaviours to ensure an effective line of sight from the working level up to decision-makers, as well as the wider public. They should also ensure that commercial arrangements incentivise transparency and honesty within the supply chain.<sup>4</sup></p>
<b>Cost and schedule estimation and reporting</b>	<p>Programmes should robustly challenge estimated cost and schedule ranges to ensure they are realistic and reflect risks and uncertainties. This should include recognising the limitations of estimates (especially at early stages), such as the quality of the data being used, and any uncertainty this then creates for decision-making and reporting.</p> <p>Over-ambitious cost and schedule estimates were one of the key reasons for cost increases on Phase 1 of HS2. The cost estimates were based on immature designs and data, and subject to commercial pressure. High Speed Two Limited (HS2 Ltd) also had limited cost information from the supply chain, reducing its ability to assess cost increases.<sup>8</sup></p>
<b>Obtaining legal consent through a hybrid bill</b>	<p>Specific to new rail programmes, DfT should identify key lessons from how it and HS2 Ltd managed the hybrid bill processes for obtaining legal consent for the HS2 route and embed these lessons in its approach for using hybrid bills on the Northern Powerhouse Rail programme. This should include consideration of how it will inform Parliament of the impact on programme costs of any potential changes from Parliamentarians.</p> <p>We found in 2020 that DfT and HS2 Ltd underestimated the impact on costs of changes made to the design and construction of the railway by the hybrid bill.<sup>9</sup></p>

**Figure 10** *continued*

## National Audit Office lessons learned from major projects most relevant to Northern Powerhouse Rail

**Notes**

- 1 These are the key lessons that we consider most relevant to the Northern Powerhouse Rail programme's current stage. There are other key lessons that are important for later stages of the programme (such as on design complexity and standards, contracting, and contract management) but which we do not include in this table.
- 2 We identified these key lessons and examples through a review of our previous work on major rail projects, and our major project delivery lessons learned reports and good practice guides. In addition to the specific report references (listed below), we have also drawn on the following: Comptroller and Auditor General, *High Speed 2: A review of early programme preparation*, Session 2013-14, HC 124, National Audit Office, May 2013; National Audit Office, *Guide: Initiating successful projects*, December 2011; National Audit Office, *Framework to review programmes – Update April 2021*, April 2021; Comptroller and Auditor General, *Palace of Westminster Restoration and Renewal Programme*, Session 2019–2021, HC 315, National Audit Office, April 2020; and Comptroller and Auditor General, *Crossrail – a progress update*, Session 2021-22, HC 299, National Audit Office, July 2021.
- 3 Comptroller and Auditor General, *Lessons learned: Governance and decision-making on mega-projects*, Session 2024-25, HC 545, National Audit Office, March 2025.
- 4 Comptroller and Auditor General, *Lessons learned from Major Programmes*, Session 2019–2021, HC 960, National Audit Office, November 2020.
- 5 National Audit Office, *Managing uncertainty: Questions for decision-makers to ask in an uncertain environment*, August 2023.
- 6 Comptroller and Auditor General, *Lessons learned: Delivering value from government investment in major projects*, Session 2023-24, HC 554, National Audit Office, February 2024.
- 7 Comptroller and Auditor General, *Investigation into the East-West Rail project (Oxford – Cambridge)*, Session 2023-24, HC 359, National Audit Office, December 2023.
- 8 Comptroller and Auditor General, *HS2: update following cancellation of Phase 2*, Session 2024-25, HC 128, National Audit Office, July 2024.
- 9 Comptroller and Auditor General, *High Speed Two: A progress update*, Session 2019-20, HC 40, National Audit Office, January 2020.

Source: National Audit Office (NAO) analysis of previously published NAO reports

# Appendix One

## Our audit approach

### Our scope

**1** The report contains our independent conclusions on how the Department for Transport (DfT) is setting up the Northern Powerhouse Rail programme for success. We formed our conclusions after considering:

- the progress DfT has made with the programme since 2014;
- how DfT is setting up the programme and addressing key challenges; and
- how DfT is learning relevant lessons from other major programmes.

**2** We have not examined the government's wider growth plans for the north of England or progress on the Transpennine Route Upgrade programme as part of this report.

### Our evidence base

**3** We reached our independent conclusions following analysis and triangulation of evidence collected between October 2025 and February 2026, the majority ahead of the government's announcement on its plans for Northern Powerhouse Rail in January 2026. We collected evidence through interviews, document review, and data analysis. Many of the areas that we examined were work in progress following the government's January 2026 announcement, and we expect to report further on the programme in the future.

### Interviews

**4** We conducted 23 interviews with government officials and other key stakeholders, covering all areas of our review. These interviews were conducted online and in-person. We used these to understand the key issues and refine our approach to all our methods – interviews, document review and data analysis.

**Departmental interviews**

**5** We conducted seven interviews with DfT, and one interview with each of its arm's-length bodies involved in the programme – High Speed Two Limited (HS2 Ltd) and Network Rail. We interviewed senior officials and specific team leads on relevant topics to understand how DfT is setting up the programme. Interview topics included the following.

- How DfT determined key strategic decisions on delivery.
- How DfT is working with its arm's-length bodies and key strategic partners.
- How DfT is learning lessons from past programmes.
- How DfT is managing the programme, including governance.
- How DfT is delivering the programme across the three phases.

**6** We also conducted four interviews with other government departments and officials to understand their involvement in the programme. These were as follows:

- The Ministry of Housing, Communities & Local Government.
- HM Treasury.
- The National Infrastructure and Service Transformation Authority (a joint HM Treasury and Cabinet Office unit).
- The Government Envoy for the North.

**Stakeholder interviews**

**7** We conducted seven interviews with mayoral combined authorities and other bodies involved in regional transport planning along the route.

- Greater Manchester Combined Authority (Transport for Greater Manchester).
- Liverpool City Region Combined Authority.
- North-East Combined Authority.
- South Yorkshire Combined Authority.
- West Yorkshire Combined Authority.
- Transport for the North.
- The Liverpool-Manchester Railway Partnership Board.

**8** We also conducted three interviews with business and industry bodies.

- Northern Powerhouse Partnership.
- Railway Industry Association.
- Rail Freight Group.

## Document review

### **Government documents**

**9** We reviewed published and unpublished documents from DfT related to Northern Powerhouse Rail. We used these to establish facts and to answer our main questions. The main types of documents related to:

- the government's plans for growth in the north of England;
- DfT's planning documents for the programme;
- board papers and minutes for the various governance forums tasked with overseeing the programme, including DfT's Executive Committee, investment committees, the Northern Powerhouse Rail Programme Board and the Northern Powerhouse Rail Sponsor Board; and
- DfT's work in identifying and implementing lessons learned from other programmes into its management of Northern Powerhouse Rail.

### **Previous National Audit Office reports**

**10** We reviewed past National Audit Office (NAO) reports on other major rail projects relevant to Northern Powerhouse Rail, as well as our lessons learned reports and good practice guidance on major project delivery and governance. We analysed these reports to identify key lessons for the programme, and then synthesised the lessons by theme to reach a set of 10 lessons. Figure 10 sets out details of our lessons, including a full list of reports we included in our review.

**11** In developing our lessons, we engaged with major project delivery experts within the NAO as well as with external experts at the Boston Consulting Group and MIGSO-PCUBED (a project management consultancy). We also discussed this with stakeholders. We used their feedback to refine the lessons.

**12** We also drew on our previous report on the Transpennine Route Upgrade programme to inform our understanding of this programme, which DfT is expected to build on as part of Northern Powerhouse Rail phase 3.

## Quantitative data analysis

**13** We analysed data provided by DfT on the spend to date for Northern Powerhouse Rail since 2015-16, including DfT's forecast spend in February and March 2026. This involved assessing the overall trend over time on spend and reviewing the main areas of spend.





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