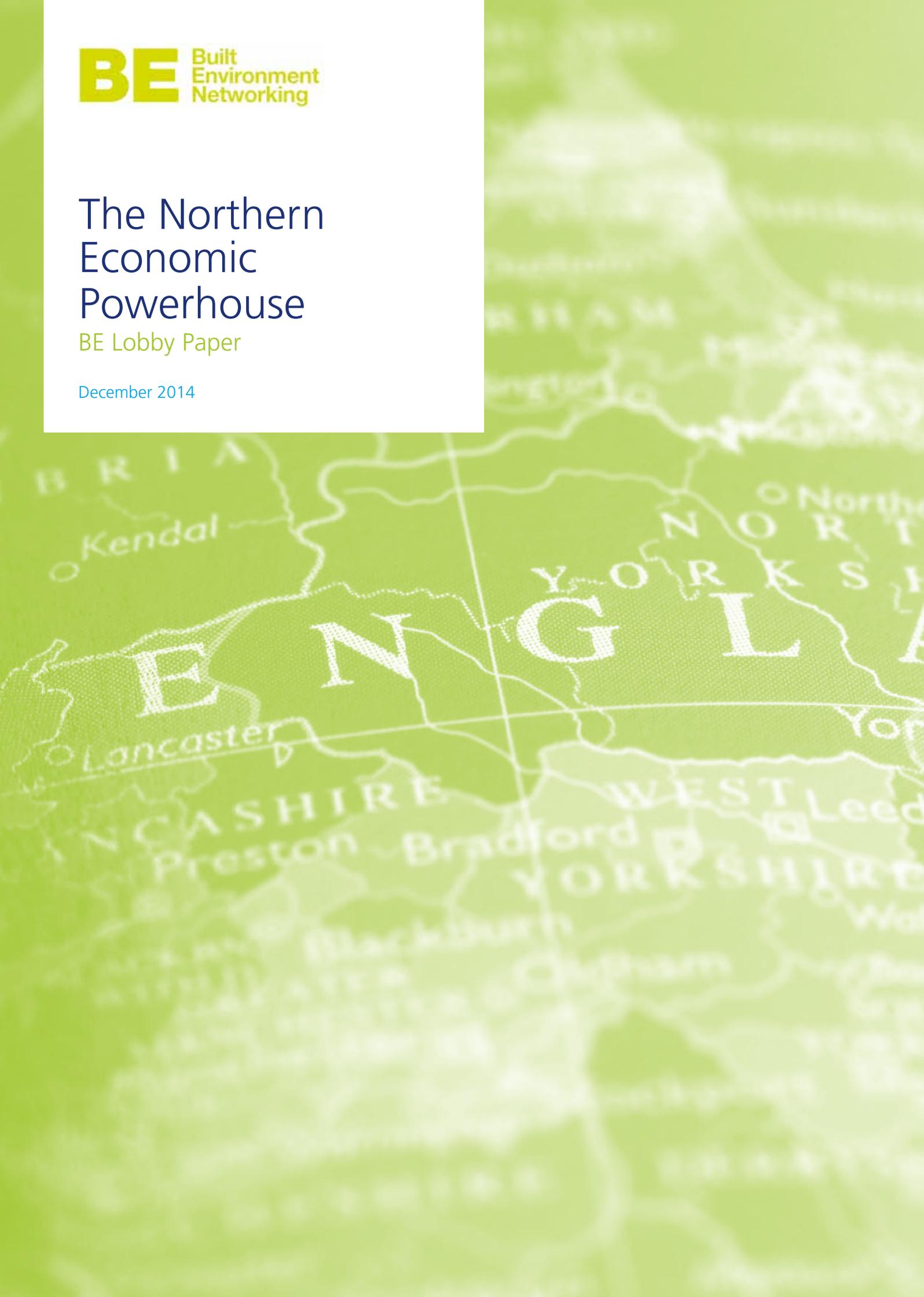


The Northern Economic Powerhouse

BE Lobby Paper

December 2014



The Importance of the North

Preface

Led by the city regions of Leeds, Liverpool, Manchester, Newcastle and Sheffield, the Northern Economic Powerhouse reflects the critical importance of transport for sustainable economic growth across the North. Already the Chancellor has identified the need for a new strategic approach to connect cities to drive growth, including the principle of a northern East-West high speed rail link.

The 15m population of the North is larger than London but it has been recognised that our economy is trailing behind. Our ambition is for the North to be a dynamic counterweight and complement to the London and South-East economy, as well as a destination of choice for investors, helping rebalance and grow the national economy in the decades ahead.

Transport, for freight and people, is central to the ambition. Just as the transport networks in London are fundamental for their economic success, transport is fundamental for the North. But we are finding journey times across the North are much slower, service frequencies are lower and the interconnectivity of our transport networks is much weaker.

Therefore, we are calling for transport connectivity across the North to change.



The Northern Economic Powerhouse sets out the proposition for transport and provides a platform for consideration by the LEPs and both private and public sector organisations across the North. The powerhouse plans are to work with these organisations to develop a prioritised set of economically driven investments to deliver the ambition for a transport network that supports a strong, vibrant and more productive North of England economy for the 21st century.

The Built Environment Networking conference held in Manchester on October 23rd 2014 provided a platform for the many stakeholders engaged with the One North plan to outline the potency that it would bring to regional economic growth and further development of vital infrastructure. Importantly the conference embraced the widest possible spectrum of activity – drawing on Hull and Humberside in the east, Tyneside to the north, Liverpool and Merseyside to the west and the more central conurbations of Greater Manchester, Leeds/Bradford and the Sheffield City Region, a tandem a very powerful collection of communities and business.

The challenge laid out in the preface to the conference recognised that there is a need for a new strategic approach to connecting cities, so that we can drive growth and outline the idea of new, improved public transport links for the Northern city areas.

The economic benefits to making Government funding available are notable. For example work has been undertaken that suggests that if we invest £10-15bn into the Greater Manchester Transport system then this will not only increase our passenger capacity by up to 150%, improving reliability, but will make travel 33-50% faster for commuters.

The vision for the transport is clearly 'multi-modal' both for logistics and for personal travel. Whilst therefore the dominant means of travel today is by road, the highway network cannot meet the burden of expected growth as extra capacity needs to be added elsewhere. The rail network is extensive across the North, yet it fails to offer a sense of a joined up network (in the way that London Underground does).

A multi – modal investment model will therefore ensure that the North's economy will become more productive, more competitive and more efficient as it competes in global markets. We would be playing to its strengths, helped by the economies of scale that come from a balanced, transformed interconnected network.

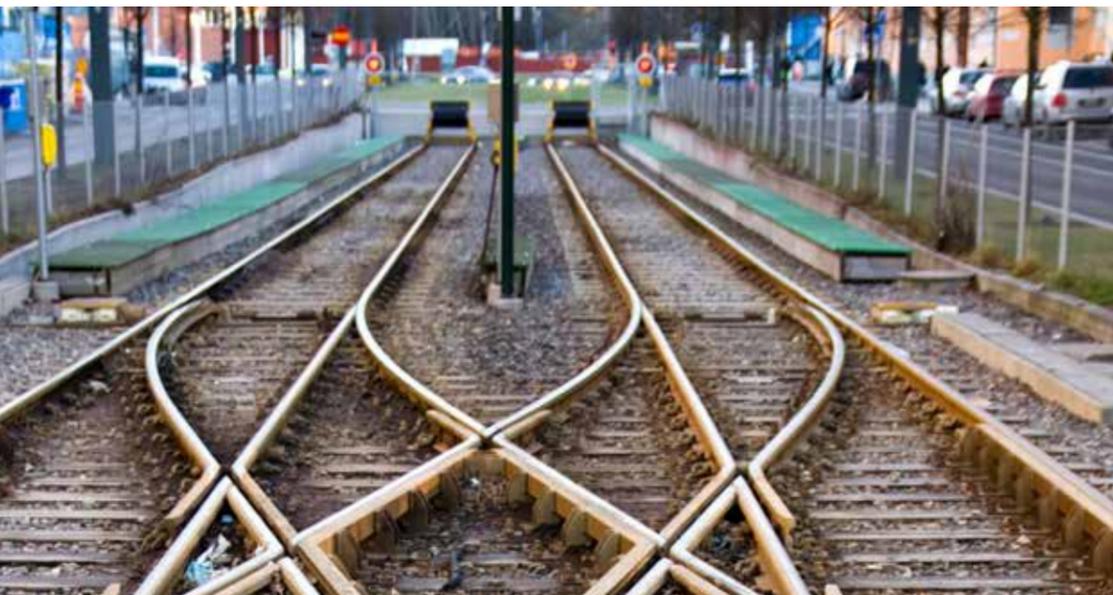
It will improve economic benefits, as it is proven that better connectivity means improved journey time reliability, better travel quality and shorter journeys that will widen and strengthen the North's labour markets and improve business efficiency.

The Challenge

Connectivity and capacity between the northern cities need to undergo transformational change. To become an economic powerhouse the North requires:

- Optimisation of strategic highway capacity for both freight and personal travel through extended managed motorways and addressing strategic gaps in the road network (including links to ports), with a particular emphasis on improving reliability for freight and business.
- A very high quality (fast and frequent) intercity rail network joining the centres of the city regions. It will deliver direct, fast and frequent access to Manchester Airport for all the North's city regions to help northern businesses access global markets.
- City region rail networks that provide the additional capacity needed to sustain city centre growth. These will be interconnected with HS2 services, new intercity services, metro/tram services and with much expanded park and ride facilities. They will combine the need to connect into city region hubs with new direct cross-city services.
- A 'digital' infrastructure that offers consumers and businesses full real-time information systems and improved ticketing options, provides greater network resilience and reliability, more capacity for growth and much faster connections between key centres.
- Good access that enables the efficient and timely movement of large quantities of freight by rail, road and water covering not only ports, rail links and large distribution centres but also light commercial vehicles and airports for premium logistics.
- The new TransPennine route could also deliver a new integrated East-West rail freight capability, linking the major port estuaries and North-South rail routes.

In more detail the conference heard about plans for each of the sectors, notably:



Rail

Why is it needed?

- Britain's population is expected to swell by 10 million over the next 25 years. Even with conservative rail demand forecasts (1.5% to 2% per year) would lead to many intercity routes being overcrowded in 10 years.
- A survey in 2012 found that:
 - 1) 84% of businesses stated that quality and reliability of transport infrastructure weigh significantly in investment decisions.
 - 2) 61% are concerned that the UK's transport infrastructure lags behind international competitors.
 - 3) 64% expect HS2 to have a positive impact of UK private sector growth.
- All regions will benefit from the investment in High Speed Rail but the North will do particularly well, In Greater Manchester alone it is predicted that rail investment could see productivity per year increase up to £1.3bn a year or 1.7% of its regional economic output. Over the Northern Powerhouse cities a £5.4bn increase of productivity per year could be achieved.
- Integrated rail planning will provide the opportunity to rebuild and rebalance the UK economy.
- High Speed Rail 2 alone will deliver around £2 of benefits for every £1 invested.
- By connecting all the cities it will enable them to work, trade and most importantly compete as one economic powerhouse.
- Wider benefits will follow from releasing the capacity on existing lines such as freight.
- Having better rail connectivity between the northern cities will help them to compete economically as one rather than individuals.

Road

What is proposed?

- A managed motorway concept – smart traffic management that will reduce congestion and consequently speed up journey times.
- New approaches to non-motorway strategic links with new supporting investment.

Why is it needed?

- Continued increases in congestion are leading to extended journey times and less reliable journeys which have an effect on the economy.
- The Head of the Highways agency has suggested that with the expected growth rate of traffic we may need to get used to the speeds declining with 40mph becoming the new normal.
- Northern interconnectivity at present is very dependent on the M62 in particular across the Pennines. There is inevitably a limit to its capacity and the resilience of all the Trans Pennine routes at times of severe adverse weather is an issue.
- We cannot expect the existing motorway network to bear the brunt of the expected demand in growth.

Benefits it could bring?

- The key benefit that could be realised through the One North strategy is a closer working relationship between the Highways Agency and local level strategic economic investment planning.
- With the correct investment local area route strategy plans could be used as a way of helping local strategic economic plans reach their full potential. For example in the Greater Manchester Growth Plan it asked for a more collaborative arrangement with the Department for Transport. This is where the Highways Agency can really commit to having local road strategy plans that can support local economic growth.
- Through the use of local economic investment plans as a vehicle for investment in road infrastructure, economic growth and enhanced interconnectivity can be achieved across all the North regions.
- Completion of long standing gaps in strategic links such as the Sheffield - Manchester corridor will also be tested and brought forward, if deliverable in economic terms.



Over 20 million passengers



Air

What is proposed?

- Investment in landside business space at the major regional airports, for example, Manchester and Newcastle.
- Greater levels of route development to international markets.
- Better connectivity via rail and metro link to airports from city centres and via mainline routes.

Why is it needed?

- The North is well provided with growing regional airports such as Newcastle, Liverpool and Leeds Bradford. They provide good services into Europe and domestically.
- There is however an issue in relation to long haul connectivity to key international markets with only Manchester capable of fulfilling this role.
- Manchester Airport is growing passenger numbers (now over 20 million again) and route connectivity. The Manchester Airport Master plan 2030 recognises that surface access plays a crucial role in spreading the economic benefit across the wider North West. This surface access needs to be broadened to address the whole of the North. This needs to be achieved in order to help create the demand for more direct flights to destinations across the globe.

Benefits it could bring?

- Manchester airport needs to be driven up in the international league table so that it increasingly meets the needs of northern business without the need to interchange at other international airports.
- The majority of passengers arriving at Manchester airport do so by car, which is a major strategic issue with the M56 forecast to be close to capacity by 2015. Journey times and frequencies by rail to Manchester airport are poor, 3 hours from Newcastle and 2 hours 30 from Hull. With the vision of growing the capacity of Manchester airport it will increasingly become constrained by the road and network capacity and so there is a need for enhanced rail connectivity (in particular the East-West route), light railway connectivity and direct cross city services to the North's Principle Airport.
- Having an globally competitive airport will ensure that people and goods can get to wherever they need to get to, whenever they need to get there, at the right price.
- In addition it will create a real opportunity for landside international investment at Manchester Airport City – the largest real estate project likely to come forward in the north of the country over the next decade.
- Improving connectivity to and from other regional airports should also form part of the One North plan. They are an important component of the overall transport offer across the north.



Ports

What is proposed?

- Better transport access to ports.
- Growth in trade from the major northern ports into the business marketplace.

Why is it needed?

- The link between the Humber ports and the rest of UK is critical – it is a major hub for bulk cargos, pharmaceuticals and offshore, worth over £26bn to the national economy every year. Links to and from Humberside are sub - standard.
- The Humber is the largest trading estuary in the UK (by tonnage) and the second nationally for handling roll on roll off freight (wheeled cargo). There are 170 shipping lines at this port which provide exceptional logistic links to global markets.
- The development of Liverpool SuperPort plans which will bring with a post panamax capacity and the potential for rapid expansion, particularly in containerised goods

Saving of
£400 per
container



- Tyneside and Teeside ports are also hugely important in terms of the services they offer to the northern business community, both require further investment in transport infrastructure to increase competitiveness.
- The ports are of particular importance to many economic sectors in North. Kellogg's factory in Manchester receives its entire raw product through the ports in Liverpool and the Humber ports handle 42% of the total coal imports in the UK.
- This highlights how crucial the ports are in economic terms for Northern companies and the North as a whole and why they must be incorporated into the Northern Powerhouse multi modal model.

Benefits it could bring?

- The ports are one crucial element which is normally overlooked but they offer huge potential in helping the North become an economic powerhouse. With the correct investment the supply chain could be radically transformed.
- The biggest benefit that can come from the right investment in ports is the more efficient and cost effective distribution networks for business.
- Liverpool 2 provides distributors in the North a more competitive option. Before it was built the closest port for a company in Trafford Park would be in Southampton, 225 miles away. But with Liverpool 2 only 38 miles away it can provide a saving of £400 a container on road and £150 per container on rail. This is a saving equivalent of £20/tonne of product.
- Investment will underpin the North's ability to be the supply chain hub for the UK.

Summary

There are important changes taking place across the North's transport networks, and they will bring much-needed and welcome benefits. But they will still leave identifiable gaps in the strategic networks and elsewhere.

The key argument that we have is that there is an opportunity for the North to become a stronger economic zone.

HS2 will bring a huge connectivity benefit for the North and its connections with the Midlands and London, but we need to improve our inner cities' links first. Evidence points to poor interconnectivity between the cities of the North, and the gains that HS2 can bring would be doubled if this weakness is put right.

When looking at the type of connectivity improvements needed on both the highway and rail networks, it is the rail network where demand is growing at the fastest rate and where there is greatest scope for transformational change.

However, do we need to develop a new strategic investment plan across all modes of transport to guide national and local investment decisions over the next twenty years?

If we progress this plan then the key element in the proposition is a set of highway improvements continuing the Highways Agency programme of prioritised investment. This will deliver key missing strategic links, including enhanced port access.

Would a new 125 mph Trans Pennine route, connected to the HS2 lines and the existing rail network, be required to link the five city regions together with Manchester Airport and the ports? If so, then a facility will need to be planned for intensive use as a high-reliability all-weather central component in the North's transport system.

What we do need for each city region is a programme of city region rail service development, helping to broaden the benefits of HS2, characterised by new rolling stock, centred on hub stations but also allowing for direct connections to maximise connectivity gains. The intention is that this proposition should complement individual Local Transport Plans at the city region and local level.

If we implement this plan of action and our region is granted the £10-15bn investment from the Government, then the output is an increase in commuting capacity for each city region to meet the levels of growth forecasted for an expanding economy, which means increasing peak capacity by:

- 120-150% for Leeds and Manchester.
- 100-130% for Liverpool, Sheffield and Newcastle.
- Transformed journey times between the five city regions and therefore for the wider North.
- A new East-West route serving Manchester Airport, supporting its expansion and direct access from every city in the North.
- A European gauge freight route across the Pennines, suitable for port-based logistics and unitised loads. This could also be used for Eurotunnel-style lorry shuttles.

150%
Leeds and Manchester

130%
Liverpool, Sheffield and Newcastle

Final

The Northern Economic Powerhouse collaboration shows that tackling the region's transport system will enable the region to fulfill its economic potential – but it is essential the north develops its own economic model. The UK regions all have an important role to play in driving growth for the whole of the UK, and getting the right investment in our transport systems would better connect people and jobs, which is crucial, if we want to rebalance the national economy.

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