

HS2

Getting the best out of
the Midlands





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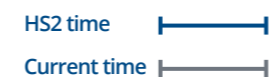
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All times compare fastest HS2 service (full network) with current fastest time.



Chesterfield to



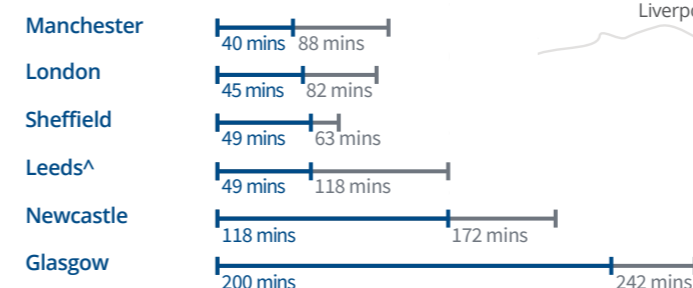
East Midlands Hub to



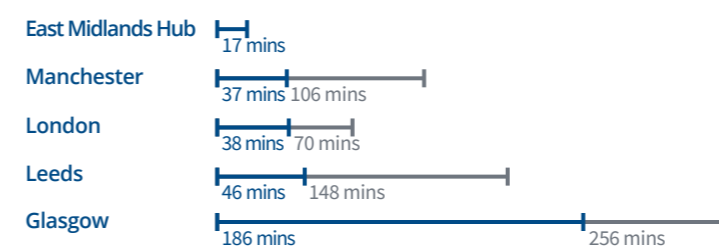
Stafford to



Birmingham to

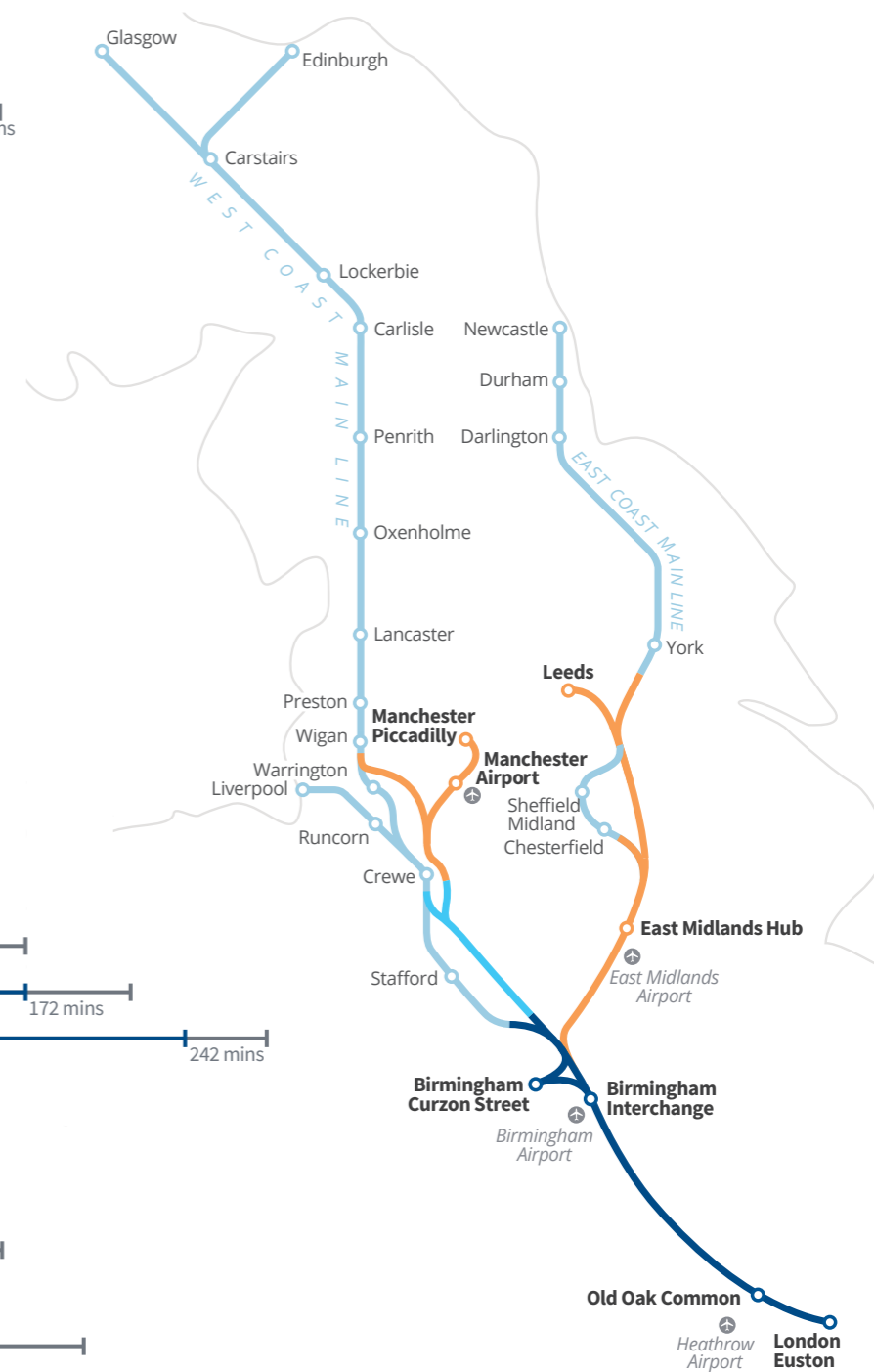


Birmingham Interchange to



HS2 Route Map

- Destinations served by HS2
- HS2 line (Phase One – Completed 2026)
- HS2 line (Phase 2a – Completed 2027)
- HS2 line (Phase 2b – Completed 2033)
- HS2 services on existing network



The Midlands sits at the very heart of the UK economy with strengths in manufacturing, research, professional and business services and a strong export sector

Stretching from Shropshire to Lincolnshire, the Midlands is home to 10 million people and over 400,000 businesses, contributing over £200 billion to the UK economy¹. The Midlands economy is built on a number of economic strengths and assets:

- » The Midlands is home to nationally significant manufacturing clusters, including advanced manufacturing in the Black Country and Derbyshire, the automotive cluster around Coventry and Warwickshire, the ceramics industry in Stoke and Staffordshire and an aerospace and transport manufacturing cluster centred around Derby. Over 600,000 people in the Midlands work in manufacturing, delivering over one-fifth of the UK's annual manufacturing output².
- » Advanced manufacturing is complemented by research universities that collaborate with local businesses. The Midlands has a strong science and research base, including 20 universities, three of which have been ranked in the top 150 in the world – Warwick, Birmingham, and Nottingham. Nottingham is designated as one of the UK's six Science Cities³.

- » Nearly 300 finance, professional and business services companies are headquartered in Birmingham⁴. This sector employs around 100,000 people in Birmingham⁵.
- » The Midlands is raising the profile of its thriving digital sector. The University of Leicester boasts an award-winning data centre and offers support for spinout companies. De Montfort University's Innovation Centre is central to Leicester's digital tech scene⁶.
- » Major global companies such as Rolls-Royce, Jaguar Land Rover, Toyota and JCB help to make the Midlands the only UK region with an export surplus to China⁷. The region exports to over 100 countries⁸. Birmingham Airport and East Midlands Airport connect the Midlands to the global economy.

HS2, as part of an integrated transport network, will help achieve the Midlands Engine vision to grow the Midlands economy by accelerating the region's productivity

Despite many economic strengths, productivity (measured as GVA per worker) in the Midlands Engine area was £7,500 below the national average in 2015. The ambition of the Midlands Engine is to match or exceed national average productivity by 2030. Faster rates of productivity growth will allow faster growth in wages and underpin the global competitiveness of the region's businesses⁹.

The smaller scale of urban areas makes it difficult for city regions in the Midlands to secure the same degree of scale and success as their counterparts in the South East. This is compounded by poorer levels of transport connectivity compared to the South East. Average speeds for rail journeys within the Midlands are often slow. A 52-mile rail journey from Birmingham to Nottingham takes 1 hour and 9 minutes. A comparable rail journey between Southampton Central and Reading of 50 miles is around 20 minutes faster. 60% of manufacturing, logistics and professional services businesses in the Midlands report that congestion on the major road network causes them problems¹⁰.

HS2 offers faster, more frequent and more reliable travel between cities and areas of the UK and will increase capacity on our congested railways. Journeys between the East Midlands and Birmingham will take just 20 minutes on HS2 services, bypassing congested roads and slow existing rail links¹¹. HS2 will allow businesses across the Midlands to collaborate with supply chains and research and development partners, draw on a deeper pool of skills, access new sources of finance and support networks, and secure new customers in regions across Britain.

Six HS2 stations will serve the Midlands and these will sit at the centre of intensive growth corridors¹². The Midlands Connect Strategy aims to improve transport connectivity between towns and cities in the region and spread the growth that HS2 unlocks to areas across the Midlands. This includes making the best possible use of the capacity that HS2 will release on the conventional rail network for towns and cities on the East Coast, West Coast and Midland Main Lines¹³.

Old Market Square tram stop, Nottingham



Improved transport connectivity can help to attract business relocations and address skills shortages in the Midlands

London consistently ranks amongst the world's most attractive cities in which to do business¹⁴. London is, however, the most costly location among the European cities in which to do so¹⁵. HS2 offers businesses the opportunity to relocate or expand their operations in the Midlands and realise significant cost savings while retaining easy access to opportunities in the capital. Prime office rents in Birmingham and Nottingham are around one-quarter of rents in the West End of London¹⁶. We are already seeing signs of business and technology services firms relocating functions to Birmingham, suggesting that HS2 will 'push at an open door' by encouraging this trend:

- » In the financial sector, HSBC UK is relocating its UK banking operations, comprising 1,000 staff, to Birmingham¹⁷. Deutsche Bank manages over 600 clients from the city who were previously managed in London¹⁸.
- » Global financial technology company Lombard Risk Management plc is opening a new Technology Centre, allowing developers based in Birmingham to work closely with key businesses in London^{19,20}.

To attract business relocations and investment, the Midlands will need to address skills shortages in some areas. In the city regions of the Midlands, less of the working age population have degree level qualifications (between 30% and 33% in 2015) compared to the national average (37%)²¹. The West Midlands Combined Authority estimates that if the skills profile of the West Midlands matched the England average, annual economic output in the region would increase by around £22 billion²².

HS2 will increase the number of skilled workers that businesses based in the Midlands can access – both directly on HS2 services, and by releasing capacity on the existing rail network for local commuter services. HS2 will also offer graduates greater opportunities to build a career in the Midlands by providing fast, frequent and reliable access to job opportunities in a broader network of places without the need to relocate. For example, someone living close to the HS2 East Midlands hub will have the option of accessing jobs in Sheffield, Leeds or Birmingham city centres in under 30 minutes' travel time on HS2 services, in addition to local career opportunities in the East Midlands.

New HSBC UK head office, Birmingham

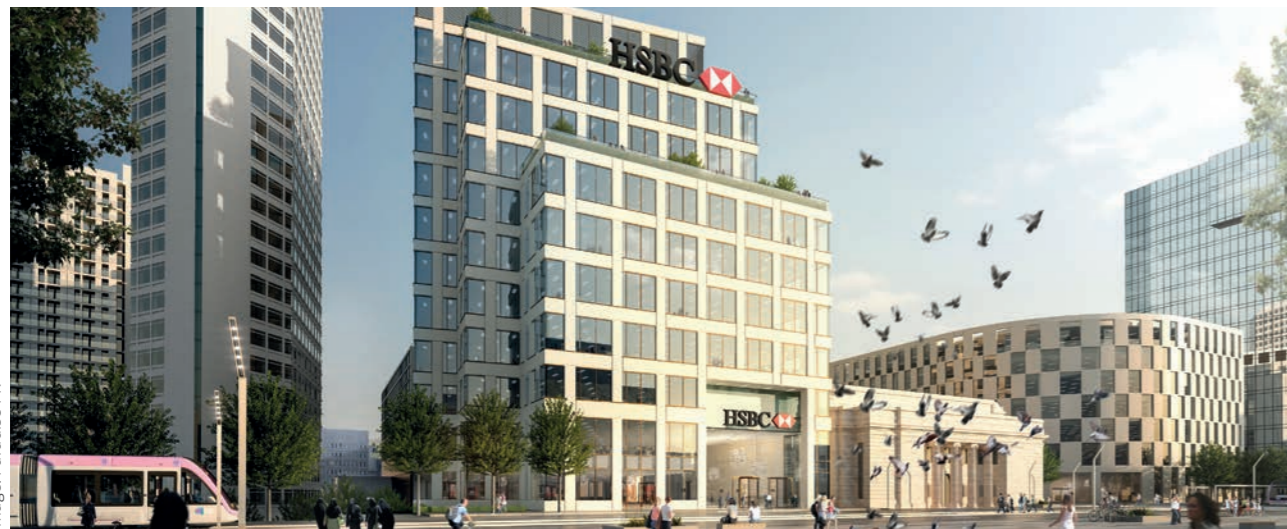


Image: Paradise PR

HS2 can help small businesses in the Midlands to grow by improving their access to finance and support networks

Small and medium-sized enterprises (SMEs) employ the majority of the UK private sector workforce. Birmingham is a great location for start-up businesses in the digital sector because of its access to university skills and talent²³.

However, in 2015, the number of businesses created for every 100,000 people in London was more than double the rate in the Midlands²⁴. For the Birmingham digital cluster, limited access to finance has been cited as their most significant challenge to growth²⁵. London is the UK's hub for

business angels, venture capital and private equity investors that provide the finance for growing businesses.

HS2 will help to grow small businesses by reducing the effective distance between London-based investors and digital firms in the Midlands. Central London will be accessible from Birmingham in 45 minutes and from the East Midlands in 52 minutes using HS2 services, allowing round trips in half a day to meet with investors.



Image: Astrakan Images

Connecting manufacturers, research centres and supply chains will encourage innovation and support the competitiveness of the Midlands economy

The West Midlands economy benefits from being home to eight universities and to two of the UK's strategically important Catapults (in High Value Manufacturing and Energy Systems), as well as leading research organisations. The Midlands has a long track record of joint working between businesses, universities and research centres. However, a recent Science and Innovation Audit also identified the need for higher levels of knowledge exchange between universities and business, and across technology areas and sectors²⁶. Knowledge sharing, new discoveries and serendipity are encouraged when engineers, scientists and researchers from across the supply chain are able to come together and collaborate.

HS2 will support face-to-face collaboration in research, development and innovation by effectively shrinking the distance between manufacturing plants, their suppliers, universities and research centres.

The Midlands aerospace cluster is centred around Rolls-Royce, one of the world's leading producers of aircraft engines, in Derby and around suppliers of aircraft control systems in Birmingham, Wolverhampton and Coventry²⁷. HS2 will connect these clusters in the East and West Midlands to other aerospace clusters in Lancashire, Cheshire and Edinburgh. HS2 will almost halve the rail journey time between Preston and the West Midlands aerospace cluster to 50 minutes.

Rolls-Royce, Derby



Image: Alamy/Stock Photo

HS2 will provide businesses in the Midlands with access to new customers in the UK and overseas

HS2 will offer businesses based in the Midlands access to businesses in other regions of the UK that could not previously be accessed at a reasonable travel time and cost. This increase in business-to-business connectivity will provide businesses in the Midlands with significant opportunities to forge relationships with new customers, suppliers and research collaborators.

The Midlands' two international airports are key assets for businesses in the regions seeking to export and attract inward investment. HS2 will provide a dedicated station at Birmingham Airport, providing direct services to London, Manchester

and Leeds in under 50 minutes. East Midlands Airport will be accessible to city regions from Newcastle to London via onward connections from the HS2 East Midlands Hub station. This will increase the catchment area of these airports, allowing the airports to provide more frequent flights and offer a wider choice of destinations for businesses based in the Midlands. HS2 will also provide fast, frequent and reliable services from the East and West Midlands to the HS2 station at Old Oak Common in West London, from where Heathrow Airport will be a short interchange away.

Birmingham Airport



Image: HS2 Ltd



Image: Alamy Stock Photo

[^] HS2 is capable of a journey time of 49 minutes for services directly between Birmingham and Leeds that travel entirely on the high speed line. The 2017 HS2 business case showed such services routed via Sheffield.

¹ 'The Midlands Engine Vision for Growth', Midlands Engine, September 2017.

² 'Midlands Engine Strategy', HM Government, March 2017.

³ 'Midlands Engine Strategy', HM Government, March 2017.

⁴ 'Strategic Economic Plan 2016-2030', Greater Birmingham and Solihull LEP.

⁵ <https://businessbirmingham.com/birmingham-is-ready/for-business/sectors/business-professional-and-financial-services>.

⁶ 'TechNation 2017', TechCity, 2017.

⁷ 'Midlands Connect Strategy', Midlands Connect Partnership, March 2017.

⁸ 'Midlands Engine Strategy', HM Government, March 2017.

⁹ 'The Midlands Engine Vision for Growth', Midlands Engine, September 2017.

¹⁰ 'Midlands Connect Strategy: Powering the Midlands Engine', Midlands Connect, March 2017.

¹¹ 'Midlands Connect Strategy: Powering the Midlands Engine', Midlands Connect, March 2017.

¹² Birmingham Curzon Street, Birmingham Interchange, East Midlands Hub, Chesterfield, Crewe and Stafford.

¹³ 'Midlands Connect Strategy: Powering the Midlands Engine', Midlands Connect, March 2017.

¹⁴ London was ranked first in 2016 and second in 2017 in AT Kearney 'Global Cities' index. London also maintained its number one ranking in the PWC 'Cities of Opportunity Index'.

¹⁵ 'Competitive Alternatives, 2016 edition: KPMG's guide to international business locations costs', KPMG.

¹⁶ CBRE, 2015 Q4 data.

¹⁷ <http://www.about.hsbc.co.uk/~media/uk/en/news-and-media/rbwm/birmingham.pdf?la=en-gb>.

¹⁸ 'The World's Most Competitive Cities 2015', Conway.

¹⁹ <http://businessbirmingham.com/media-hub/latest-news/global-fintech-company-lombard-risk-opens-new-technology-centre-in-birmingham/>.

²⁰ <https://www.lombardrisk.com/lombard-risk-opens-new-technology-centre-birmingham-develop-next-generation-product-suite/>.

²¹ Office for National Statistics data: Share of working age population with NVQ4+ qualifications, 2015. Midlands City Regions are defined as the LEP areas of Greater Birmingham & Solihull, Stoke-on-Trent and Staffordshire and D2N2.

²² West Midlands Combined Authority Strategic Economic Plan, 2016.

²³ 'HS2 Strategic Case', Department for Transport, July 2017.

²⁴ ONS (2016). Business demography for 2015. ONS. Population estimates(2015) – all people. See 'Midlands Engine Strategy', HM Government, March 2017.

²⁵ TechNation Survey 2016, TechCity.

²⁶ 'A Science & Innovation Audit for the West Midlands', West Midlands Combined Authority, Greater Birmingham & Solihull LEP, Black Country LEP, Coventry & Warwickshire LEP and Birmingham Science City, June 2017.

²⁷ <http://www.midlandsaerospace.org.uk/aerospace>.

[gov.uk/hs2](https://www.gov.uk/hs2)

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