Liverpool City Region Submission to the National Infrastructure Commission Call for Evidence on Future Investment in the North's Transport Infrastructure

January 2016

LIVERPOOL
CITY REGION

Q1 To what extent are weaknesses in transport connectivity holding back Northern city regions (specifically in terms of jobs, enterprise creation and growth, and housing)?

1.1. A growing canon of academic research is recognising that city regions are the drivers of economic prosperity and that, partly as a result of the move to professional and service sectors, effective density is increasingly a predictor and enabler of productivity. Of course, substantial growth can occur outside city centres, and this may specifically apply to growth around advanced manufacturing and logistics hubs The clustering of high Gross Value Added (GVA) sectors such as creative and digital in central locations and the trend for people to commute increasingly large distances, partly explains the phenomenal growth in rail patronage, and the apparent decoupling of the relationship between economic growth and rail patronage, with only a small reduction in patronage during the recession years of 2008 and 2009, and a quick uptake from 2010 onwards.

1.2. Based on the latest official GVA figures (produced by ONS), the Liverpool City Region is the second largest economy in the North West of England, with a GVA of £28.3bn in 2014, which together with its functional economic area forms an economy of £51.0bn. The City Region also has the highest productivity per job of all Northern core city areas. However, Liverpool has amongst the worst connectivity of the eight English Core Cities.

Core City	Count of direct links to other core cities	Average per hour to London
Birmingham	11	5
Bristol	9	4
Leeds	10	2
Liverpool	7	1
Manchester	11	3
Newcastle	9	2
Nottingham	7	2
Sheffield	10	2

Figure 1: English Core City rail connectivity

1.3. Forecasts based on 2013 data and carried out by Oxford Economics on behalf of the Liverpool City Region Local Enterprise Partnership have predicted that our City Region economy will increase from £23.6bn in 2013 to £39.8bn in 2030. The same analysis has also shown that over the same timeframe employment levels will grow by 73,000 new jobs. Though unemployment is forecast to fall by 21,000, as the working age population is not forecast to show substantial growth during this period, many of these new jobs are likely to be filled by increased inward commuting to the City Region.

1.4. We also know that the existing rail infrastructure which connects the LCR to the rest of the North is inadequate. The capacity which was to be provided by the Northern Hub programme, and which was forecast to be sufficient out to 2024, will in fact be exhausted much earlier. This is due in large part to the developments at the Port of

Liverpool. The £300m Liverpool 2 development, which opened in December 2015, is the North of England's west coast deep sea berth. The Port is now capable of accommodating 95% of the world's cargo shipping fleet, up from 5% previously. This will double the capacity of the Port from 750,000 TEU to 1.5m TEU per annum, with the potential for further developments to bring ultimate capacity to 2.1m TEU per annum. The Port has an extensive hinterland of 35m people living within 150 miles. However, despite the fact that the Port is rail connected, no regular container traffic currently leaves the port by rail, in large part due to the capacity of the infrastructure and the unavailability of paths, and the road network is incapable of accommodating the forecast growth in cargo. A 2014 study for the then Highways Agency forecast that the containerised port traffic would increase by 218% between 2013 and 2030 and rail's modal share would rise from zero to over 15% in the same timeframe. This freight traffic is besides the likely growth of traffic from other current and future logistics sites, including Stobart Park (Widnes), Knowsley Industrial Park (Kirkby) and Parkside (St.Helens).

1.5. It is therefore clear that in order for our economy to grow and meet its potential, the following key issues must be addressed:

i. Connectivity to other key city economies in the North and elsewhere
ii. Additional capacity to support commuting into the Liverpool City Region
iii. Improved infrastructure and adequate capacity to support freight movements to and from the Port of Liverpool and other major city region freight terminals.
iv. Improved international connectivity will facilitate economic growth for the region and allow the LCR economy to meet its potential

Q2 What cost-effective infrastructure investments in city-to-city connectivity could address these weaknesses? We are interested in all modes of transport.

2.1 The Liverpool City Region is an active and leading member of the Transport for the North partnership, which is directly addressing this issue through the development of the Northern Transport Strategy and the Strategic Investment Framework that will be published in March 2016. We would endorse the recommendations of TfN's 2015 report "The Northern Powerhouse: One Agenda, One Economy, One North" which identified the following key interventions:

i. The development of 'Northern Powerhouse Rail'; a high speed, East-West rail line linking the cities of the North and connecting to the HS2 network where appropriate, radically reducing travel times across this intercity network;

ii. The provision of sufficient capacity on the existing rail network for commuter rail services.

iii. The accelerated development of the full HS2 Y network as soon as possible.

iv. The enhancement of the North's Strategic Road Network through delivery of the committed first phase of the Roads Investment Strategy; and the further enhancement of the long-term performance of the Northern SRN through a clear vision and strategy that embraces transformational investment and technology;

v. The development of a clearly prioritized multimodal freight strategy for the North to support trade and freight movement within the North and to national/international markets;

vi. Better connections to the North's airports including LJLA; and

vii. An integrated and smart ticketing structure to support our vision of a single economy across the North.

2.2 The significant levels of growth experienced on the existing rail network, and the potential which arises following new build for both the utilisation of released capacity on the existing rail network for commuter and freight services, and the modal shift from road to rail which will reduce congestion of the major road network, suggests that delivery of the Northern Powerhouse Rail line should be a priority for any government.

Q3 Which city-to-city corridor(s) should be the priority for early phases of investment?

3.1 We are supportive of the work being carried out by Transport for the North, and the development of a comprehensive programme of investment across all modes and the whole of the North of England. In order to fulfil the Chancellor's Northern Powerhouse agenda it will be necessary to deliver on all aspects of the Northern Transport Strategy, and as such, we are very clear that whilst the programme must be phased in order to be delivered in a manageable and cost-effective manner, we cannot fall into the trap of 'cherry picking' a small number of high-profile schemes to be delivered at the exclusion of all others.

3.2 Given that, and acknowledging the practicalities of public financing, we believe that schemes and corridors should be phased on the basis of demand, deliverability and affordability and should wherever possible build upon and capitalise on existing/proposed infrastructure.

3.3 Phase 2 of HS2 is expected to be complete by 2032 and will deliver significant increases in capacity and reduction of journey time for large parts of the North. However, the current proposition does not serve Liverpool directly, nor does it release any capacity on the existing congested network north of Crewe that could be utilised by freight movements.

3.4 The Liverpool-Manchester corridor connects the two main economies of the North West of England, and has annual flows of c1.2 million, with an average journey time of 40 minutes for a distance of 32 miles. This is in comparison with flows of c900,000 pa between Manchester and Leeds and a journey time of 48 minutes across a distance of 42 miles[1].

3.5 The Liverpool-Manchester corridor is also an important freight route, linking the Port to the important distribution sites of Knowsley Industrial Park and Trafford Park, and onwards to the trans-Pennine rail routes and east coast ports. In view of the creation of significant new freight capacity at the Port of Liverpool, outlined in 1.4 above, enhanced connectivity and capacity to enhance access to the Port of Liverpool (from the perspective of both road and rail access) needs to be delivered as a priority. This in turn would allow Liverpool's ports to support the underlying 'rebalancing' of the country's economy that is required, by relieving pressure from congested road and rail networks that serve major ports in the south and south east of the country.

3.6 Network Rail and HS2 Ltd have estimated that the construction of the Liverpool-Manchester corridor of the NPR network would reduce the journey time between these two key northern economies to 20 minutes, (journey times from Liverpool to Manchester Airport would be reduced from 1 hour 10 minutes to just 15 minutes).

3.7 Significantly, HS2 Ltd has confirmed that it would be possible to use the HS2 network to provide close to half the length of the linkage, linking on to the Golborne link which is part of the consulted route of phase 2. This makes the construction of the NPR

[1] Source: Lennon ticket sales data, Apr '14 to Mar '15

network cost effective, with an estimated build cost of £2.6bn. It also means that early delivery of the Liverpool-Manchester corridor, would deliver both east-west connectivity, at a significantly lower cost than the Manchester-Leeds corridor, whilst meeting a greater level of demand, whilst at the same time also providing north-south connectivity onto the HS2 network, with a journey time to London of 1 hour 13 minutes (down from 2 hours 8 minutes presently, and 1 hour 26 minutes under the current HS2 proposal for Liverpool).

3.8 The proposal is summarised is the image below:

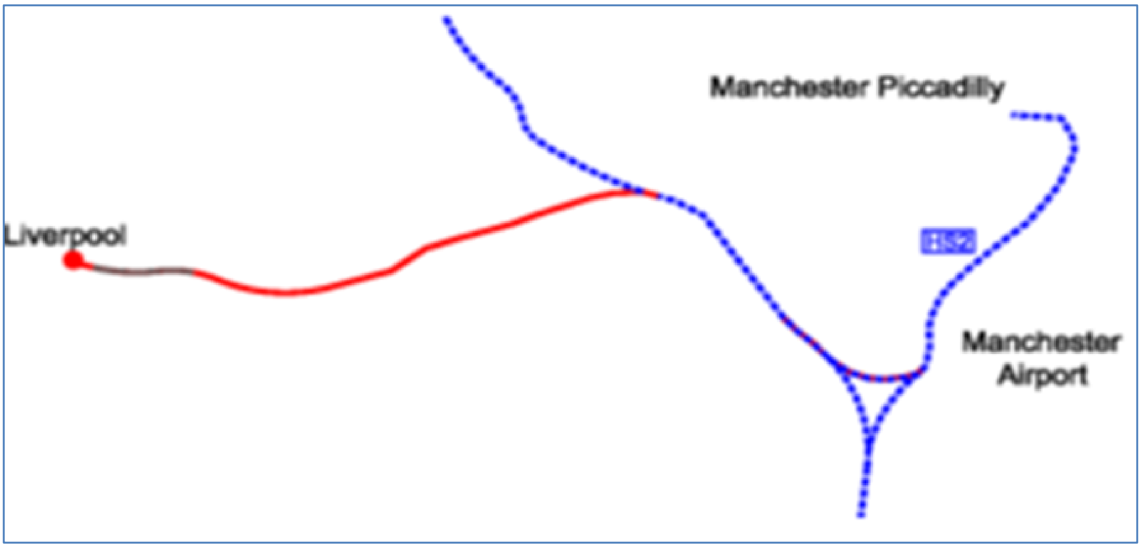

Figure 2: Proposal for Northern Powerhouse Rail connection to HS2

3.9 The construction of this corridor therefore presents the opportunity for a 'quick win' by delivering a vital piece of infrastructure which connects the two main economies in the North of England, important in its own right and for the capacity release it brings. This will not only provide a high speed east-west link in support of Transport for the North's high level outputs, but will provide a connection to the HS2 network, adding a new direct destination to the HS2 network at minimal cost. However, it is imperative that assurances are made by the government and by HS2 that the Golborne link will be delivered as part of HS2 infrastructure in order to realise this proposal in the most efficient way possible, and to obviate the need for the costly remodelling or rebuilding of the junction at some point in the future.

3.10 Work is currently planned at Lime Street Station to create additional, much needed capacity. This work can be future proofed at this early stage to provide the capacity necessary to accommodate high speed trains in the future that would be required in support of a new, high speed east-west link from HS2, as current platforms are unable to accommodate full length HS2 trains. The city region is also investigating the feasibility and economic benefits of diverting local rail services from Lime Street to Liverpool Central Station via a new underground rail link. This is order to release capacity at Lime Street so that it can serve as a strategic inter-city and HS2 hub for the Liverpool City Region. The strategic importance of Liverpool Lime Street station in a northern connectivity context is thus stressed.

Q4 What are the key international connectivity needs likely to be in the next 20-30 years in the north of England (with a focus on ports and airports)? What is the most effective way to meet these needs, and what constraints on delivery are anticipated?

4.1 Clearly we recognise the importance of the regions connections to the rest of the world, and the Liverpool City Region is participating in the TfN workstream on international connectivity, and its proposal to establish a Commission on the International Connectivity of the North to examine this in more detail. The Commission, supported by appropriate analytical work and engagement with stakeholders, will consider the key markets which the North must improve access to, including inter-continental markets served directly from the North. It will examine the North's existing connections, and those that we need to develop. It is partly in recognition of the importance of enhanced international connectivity that the Liverpool City Region is bidding to host the Routes Conference in 2018, to attract a wide range of airlines, airports and tourism authorities, including low-cost, flag and national carriers to the North of England.

4.2 Liverpool Airport handled 4.3 million passengers in 2015, growing 8% on the previous year and provides links to many European points. However, at present the Airport has limited global connectivity to a major hub airport and hence low visibility on global booking systems. This lack of awareness of connectivity to and from Liverpool means that opportunities for inbound tourism are restricted, and more importantly this leaves Liverpool and the City Region at a disadvantage to other similar sized cities when attracting foreign direct investment.

4.3 At present, almost five million passengers living within the Liverpool Airport catchment travel from other airports, including over a million passengers that travel long haul, with many of these passengers utilising airports in the congested South East. Improving connectivity at Liverpool will have the benefit of reducing road usage to the South, and also easing the pressure on the already congested airports in the South East.

4.4 Liverpool Airport, along with other regional airports of a similar size, provide an important role in offering choice and competition in the air travel market, and ensuring that consumers have a choice in terms of airports and airlines, taking advantage of the added convenience of flying from their local airport. Therefore, ensuring that the surface access infrastructure to Liverpool Airport is as easy as possible is of significant importance to maintaining a level playing field.

4.5 Liverpool also serves a not insignificant seaport for passengers, with over 656,000 utilising the growing Irish and Manx routes in 2014 and a growing cruise ship trade. This has implications for the importance of connectivity with national long-distance transport links.

4.5 With freight, a number of specific issues and constraints are already apparent. The lack of deep sea capacity at Northern ports has meant that goods frequently travel excessive distance within the UK to reach destinations in the North of England. This has led to the perverse situation where (for example) 90% of the UK's Indian imports arrive in the country through the south coast ports, but 60% of these are consumed north of Birmingham. The completion of the Liverpool 2 development will allow the Port to accept two mega post-panamax (13,500 TEU) ships at the same time, doubling the Port's handling capacity from 750,000 TEU to 1.5m TEU, and with the potential to further increase capacity to 2.1m TEU. This, in conjunction with the completion of the project to widen the Panama Canal will make the Port of Liverpool a much more attractive proposition to shipping lines operating from the important Asia market as well as the US transatlantic routes, which will themselves become even more important should the European Commission conclude the agreement of the Transatlantic Trade and Investment Partnership with the USA. The Port of Liverpool already offers significant competitive advantages, not least being that it forms the main UK gateway for trade with Ireland.

4.6 The maximization of the opportunities afforded by developments in Liverpool will only be realised if the road, and rail infrastructure is improved to support the flow of goods out from Liverpool to key manufacturing and distribution sites across the North. This also includes connectivity to the Humber Ports and TeesPort, as these provide vital access to onward markets in Europe and the rest of the world.

Q5 What form of governance would most effectively deliver transformative infrastructure in the north, how should this be funded and by whom, including appropriate local contributions?

5.1 Merseytravel has been acting on behalf of the Liverpool City Region as part of the Transport for the North project to enhance the voice of the North on transport. The partnership brings together representatives for the whole of the North, through Combined Authorities, local authorities and Local Enterprise Partnerships, under an independent chair. The Cities and Local Government Devolution Bill provides for a new statutory basis for Transport for the North as a Subnational Transport Body. It also allows the incorporation of the responsibilities for oversight of the Northern and Trans-pennine rail franchises by Rail North Ltd. By embedding the governance of TfN in the constituent transport authorities, we can deliver a clear strategic alignment between the cross-northern responsibilities of TfN, alongside the local transport priorities of all areas of the North. As a result of these measures, by 2017 TfN will be the first statutory partnership capable of overseeing and delivering substantial investment in the multi-modal transport network across an area of 15 million.

5.2 TfN is funded through a grant from central government, and this is likely to be the only firm basis of funding in the short to medium term. Cuts to funding for local transport authorities make it impossible for them to meet the requirements for cross-northern transport cooperation without substantial additional support from government. Over time there is a strong case for TfN to take on greater responsibility for the effective delivery of infrastructure, which will allow it to absorb and manage risk in a more effective manner than constituent authorities.