

**The Voice of Leading Businesses
In North West England**

Submission to the National Infrastructure Commission re Connecting Northern Cities

Introduction

The North West Business Leadership Team represents an independent group of influential business leaders, who work together to promote the sustainable economic development and long term wellbeing of North West England. Membership of the Team is made up of senior executives from the region's major businesses. It operates as an independent business voice for the whole North West, providing valuable strategic support for the region's Local Enterprise Partnerships.

There is now general agreement, and cross-party political consensus, that the UK's key economic challenge is to increase the nation's productivity, which is well below its potential. Transport attractiveness and effectiveness, and transport inefficiency and congestion, are a significant influence upon business productivity, and hence business competitiveness, as well as wider quality of life. We have long argued that the strength of the North West of England's economy, and its ability to compete with similar regions in Europe and beyond, is partly dependent on possessing transport links that are fit for the 21st century.

Our longstanding view is that decades of under-investment in the region's infrastructure, in addition to under-investment in other important resources such as its skills base, have left much of the region struggling to compete in a rapidly-advancing global economy.

We have therefore consistently campaigned for greater investment in the transport infrastructure of the North West of England, including rail, road, seaports and airports, to bring it up to 21st-century standards and expectations, both in terms of meeting the needs of regional economic competitiveness and a growing population and in terms of environmental sustainability. In particular, we believe that:

- There needs to be a much greater acknowledgement of the direct beneficial effects of transport investment upon the competitiveness of the regional and national economy
- Investment in the North West's transport network, much of which dates from well over a century ago, has lagged significantly behind not only London and the South-East but also comparable competing economic regions in mainland Europe, and beyond
- Many long term benefits have not been fully identified in the past through conventional transport investment appraisal methods
- Investment will assist in the wider cause of rebalancing the UK economy and enabling the North West of England to more fully realise its maximum economic potential
- Greater recognition needs to be given to the long term transport investment requirements of the region. This aspect has too often been neglected by successive past Governments. It takes longer than a five-year term of office to implement major infrastructure investment
- Addressing these long term requirements earlier, rather than later, obviously gives massive additional benefits to the regional economy in the intervening years. In the past in the UK there have often been painfully-slow timetables for delivering major infrastructure improvements

We therefore greatly welcome the creation of the National Infrastructure Commission in October 2015, and its call for evidence in support of its review of long term infrastructure needs.

The North West Business Leadership Team

Life Presidents: His Grace The Duke of Westminster KG CB CVO OBE TD CD DL • Lord Thomas of Macclesfield FCIB FRSA CBE
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We agree wholeheartedly that improving the connectivity between the cities in the North of England, particularly across the Pennines between Liverpool/Preston/Manchester and Sheffield/Leeds/Bradford, York, Hull and the North East, should be a top priority. We therefore very much welcome the Commission's current consultation.

Key Transport Assets

Key transport corridors serving the region on a north-south axis are the West Coast Main Line and the M6 motorway, and on the east-west axis are the trans-Pennine rail routes between Liverpool, Manchester and Yorkshire and the M62 motorway. All these routes are very heavily used. The WCML and M6 are not only key routes to the North West but are also, of course, major routes between England and Scotland.

Also serving not just the North West but much of Britain are the key international gateways of Manchester Airport, Liverpool John Lennon Airport and the ports complexes of Liverpool, Birkenhead and the Manchester Ship Canal, together with the important Irish Sea port of Heysham.

Within the two major city regions, there are further key assets, for example the M60 motorway "box" around Manchester and, for public transport, the Merseyrail network and greatly-expanded Manchester Metrolink.

However, our city regions' major transport links struggle to cope with existing, let alone future, passenger and freight demand. On the motorway network, both the M6 and M62 are regularly congested to the point where they are extremely slow-moving or at a standstill.

Rail links, too, are seriously deficient. Liverpool has no intercity-standard (or indeed, any) direct rail links to the North Wales Coast route, and a three-trains-per-day link from Liverpool to Scotland will only be introduced in 2018.

For far too long, west-east travel in the North of England, particularly rail, has been extremely slow and often very congested, with journey times (by road or rail) sometimes of two or more hours for journeys of well under 100 miles. Manchester to Leeds by rail takes almost an hour, and to Hull almost two hours, journey times that would have been familiar to travellers of a century ago. Liverpool to Sheffield by rail also takes almost two hours, at an average of only 40mph.

Whilst rail journey speeds from Manchester to London are much faster, relatively speaking, they still compare very unfavourably with, for example, the French TGV, German ICE or Spanish AVE networks. We therefore strongly support much greater investment in efficient transport links to serve this region.

Transport was therefore identified by the North West Business Leadership Team as one of the four Priorities for Action in its manifesto document *Priming the Powerhouse*, published in early 2015, the other three priorities being Skills, Resources and Science-Driven Innovation.

In particular, over the past decade we have argued strongly in support of HS2, dramatically improving the linking of the region with the West Midlands and London. HS2 will act as a very fast "bridge" between the North West of England and the West Midlands and London. It will significantly change the economic geography of this region.

We also very much endorse the creation of the proposed new or partially-new west-east rail corridor of similar quality, previously dubbed HS3 but now understood to be known as Northern Powerhouse Rail ("NPR"), linking Liverpool and Manchester with Sheffield, Leeds/Bradford, York, Hull and the North East.

These future major investments in the rail network, HS2 and HS3/NPR, will immensely help to overcome the serious spatial disadvantage of this region in terms of its links with the South and with east of the Pennines.

The improvements to follow will be dramatic, and we expect that they will have a significant impact upon businesses choosing whereabouts in Western Europe to locate themselves.

We have also expressed strong support for:

- Filling-in obvious missing links in the motorways and trunk-road network (such as between the M6 and M56 and M60, as is now being constructed)
- Further major development of Manchester Airport, the Mersey ports complex and Manchester Ship Canal ports, and their on-land transport links
- Greatly-improved rail links with other key destinations, including between the North West of England and Scotland, North Wales, the East Midlands and the East Coast ports
- A much more modern and efficient internal-regional transport network, both rail and road

We believe that Manchester Airport and the Port of Liverpool will act as particular drivers of economic growth in this region. Efficient and resilient on-land links, to serve these facilities and other key locations such as Liverpool John Lennon Airport and the Port of Heysham, are therefore vital to the long-term economic growth of the North West.

Whilst we welcome the creation of better transport links to airports and ports, some thought should be given to the “last two kilometres” in and out of these important transport hubs. This can often be where much of the congestion is concentrated and could be alleviated by better traffic coordination between the transport hub network and the surrounding local authority or Highways England (HE) Network. The HE are already working on a project to interface the motorway and trunk road network to the adjacent local authority roads. It would be sensible to extend this functionality into the privately owned ports and airports. Apart from the reduction in congestion it would deliver, this methodology would also provide more accurate data on the current state of all of the networks and give more options to alleviate issues caused by accidents and other unplanned incidents.

Our view is based in part on collaboration with other relevant organisations. The views of the latter have been clearly set out in a range of relevant documents. For example, the strategy to build the “Northern Powerhouse” was set out in March 2015 by the then Coalition Government in The Northern Powerhouse: One Agenda, One Economy, One North - A Report On The Northern Transport Strategy. This was followed in November 2015 by the present Government’s Northern Transport Strategy Autumn Report. A Northern Freight and Logistics Strategy by Transport for the North is currently awaited. Rail strategy has been set out in the document Long Term Rail strategy - A Twenty Year Vision to Develop Rail in the North of England, published by Rail North during 2013.

More locally, organisations such as Transport for Greater Manchester have previously set out their aspirations, in this instance the document Greater Manchester Transport Strategy 2040 - Our Vision.

The National Infrastructure Commission is therefore referred to these documents.

The North West - Key Economic Challenges

The North West of England, with a population of approaching 7m inhabitants, is one of the UK’s leading commercial and manufacturing regions.

Our central concern is its future productivity and competitiveness. A recent analysis of the UK’s core cities, carried out by the Commission for the New Economy, has shown that Greater Manchester’s in-work productivity is £8.2bn below the UK average. Liverpool City Region also falls well below the national average. Across the North-West, average GVA per job in 2012 was £39,210, compared with £45,100 for the UK as a whole.

For the UK as a whole, the international comparison is even more stark. If the UK could match the productivity of the US, its GDP would increase by 31%, the equivalent of an extra £21,000 a year for every household. The productivity issue, for the North West and the UK as a whole, is thus a very serious challenge and one which requires major investment in transport infrastructure - as well as in management skills and practice, workforce skills, R&D, technology and digitalisation - if we are to address it successfully and achieve appropriate living standards for a developed economy in the 21st century.

"The North West On The Move"

To assist in addressing this challenge, the North West Business Leadership Team published in October 2013 its document Transport Investment - "The North West On The Move". This was formally launched by the Secretary of State and set out the Team's concerns and ambitions for investing in the region's transport infrastructure as a means of achieving regeneration and facilitating future economic growth.

In October 2015 we published a Progress Update on the earlier document, noting the very positive progress that was already being made but stressing that much more needed to be achieved if the region was to make the fullest contribution to the UK economy. The Progress Update re-affirmed what we see as the major priorities for the region's infrastructure for the short, medium and long term, as follows:-

(Short term, to end of 2020)

- Progress with planning and construction of missing links in the region's motorway and trunk-road network
- Development of an ambitious regional freight strategy, exploiting the opportunities of Liverpool Superport and the Manchester Ship Canal, plus efficient logistics terminals, better railfreight capacity, better port links and improved railfreight links through the Channel Tunnel
- Completing the delivery of agreed rail schemes, including Manchester-Blackpool electrification, Liverpool Lime Street remodelling, Northern Hub elements and a start on Manchester Piccadilly and Oxford Road remodelling, plus Hope Valley freight loops
- Completion of planning of both phases of HS2 and commencement of Phase 1 plus Parliamentary Bill for Lichfield-Crewe
- Initial stages of planning for HS3/NPR west-east route from Liverpool/Preston/Chester to York/Hull/Newcastle

(Medium Term, to end of 2025)

- Continued development of Manchester and Liverpool John Lennon airports, including Airport City, planning of HS2 station at Manchester Airport and investigation of rail link to Liverpool John Lennon
- Further development of Liverpool Superport and Manchester Ship Canal
- Continuing to deal with the most serious pinch-points on the region's motorway and trunk road network
- Full completion of Trans-Pennine electrification and associated capacity/speed upgrading
- Virtual completion of construction of Phase 1 of HS2 (with link onto HS1) and progress with the early stages of construction of Phase 2a (to Crewe)
- Final-stage planning and initial construction of HS3/NPR
- Continuing electrification of other key rail routes such as Liverpool-Warrington-Manchester, Chester-Warrington, Chester-Crewe, Blackburn-Bolton and Manchester-Rochdale-Leeds

(Longer Term, to end of 2030)

- Continued development of Manchester and Liverpool John Lennon airports to their fullest potential, including Airport City and construction of Manchester Airport HS2 station
- A step-change in North West port facilities achieved by 2025-30, and with significantly more on-land port freight being moved by rail

- A motorway network that functions 24/7, without the severe congestion (other than exceptional circumstances) that currently delays vital regional freight movement
- Continuing progress on shifting heavy freight to rail, via rail-linked multi-modal distributional hubs
- Full completion of construction of HS2 Phase 2 (currently scheduled for 2033 but preferably by 2030) to Manchester Airport and Manchester, and planning and construction of HS2 onwards to Scotland commencing
- Advance-stage construction of HS3/NPR, including if justified a new Trans-Pennine tunnel
- Further electrification of most of the remainder of the interurban/suburban rail networks around Liverpool, Manchester and Preston

National Infrastructure Commission's Key Questions

The Commission has, we believe very justifiably, immediately identified Northern Connectivity as one of its three initial key priorities, identifying a strategy for future investment in the North's strategic transport infrastructure to improve connectivity between the North's cities, particularly west-east across the Pennines. We note that the first stage of the Commission's terms of reference are to establish the evidence base and identify options for future investment.

The North West Business Leadership Team is a small and modestly-funded organisation that does not have the resources available to assemble a comprehensive evidence base. However, we offer the measures listed earlier for the short, medium and long term as our preferred programme, which was drawn up in 2013 and updated in 2015 following consultation with a wide range of regional and business interests. The collective programme is designed to bring the North West's transport infrastructure up to the standard to be expected from a modern Western European economic region.

We understand that the Commission, in consultation with the Department for Transport and Transport for the North, will then evaluate the options put forward by consultees, and then provide independent advice to Government on its view of the future investment priorities to improve connectivity between the major cities of the North, particularly west-east across the Pennines. We look forward to participating further in this ongoing process.

In the meantime, we briefly address the key questions set out in the National Infrastructure Commission's consultation under the heading Connecting Northern Cities as follows:

To what extent are weaknesses in transport connectivity holding back northern city regions, specifically in terms of jobs, enterprise creation/growth and housing?

We firmly believe that the poor connectivity between Northern cities, and between parts of the regions and strategic ports and airports, disadvantages growth in jobs and enterprise creation.

We would in particular point to:

- Congestion, slowness of travel, unreliability and lack of capacity impairing existing businesses, and the additional costs that these generate making it harder for such businesses to compete
- The unpredictability of motorway travel times, and the effects of this on road freight movement. There is regular congestion on, in particular, the M6, the M62 and the M60 motorways, caused by random accidents, programmed roadworks, occasional bad weather and regular sheer volumes of traffic, sometimes in combination
- Difficulty for rail freight operators to obtain fit-for-purpose freight timetable paths, resulting in paths that are slow, circuitous and unattractive, or unviable
- Relatively very slow rail passenger travel times between Liverpool, Warrington, Manchester, Leeds and York, between Preston and Manchester, and between Manchester and Sheffield, with nineteenth-century average speeds

- Overcrowding on certain rail passenger flows. Although this is being addressed by the Northern and the TransPennine franchises that were let in December 2015, it will still be several years before additional train capacity is fully in place. But route capacity also needs to be urgently addressed, particularly between the major centres and notably west-east and north-south across Manchester
- These widely-known difficulties and disadvantages listed above create a negative image of the region, particularly with freight forwarders and those whose business relies heavily upon efficient distributional links. This negative image will be deterring to future footloose industry

For housing, the region is obviously less overcrowded in terms of housing/housing land availability than London and the South-East, and frequently significantly less costly, and we very much want to see this advantage exploited. The challenge is thus to provide sufficient suitable land with good nearby transport links, especially public transport links into the major centres such as Liverpool, Manchester, Preston and so on.

We would particularly like to see a greater concentration of new residential development close to rail stations, to provide a positive alternative to car commuting into the major cities. We also particularly support the re-introduction of housing into city centres, which (1) also reduces the need for peak commuting into city-centre jobs, and (2) places the resident close to the heart of city radial transport networks for convenient outward travel by public transport to other cities, as well as (3) revitalising the “collars” around city centres.

What cost-effective infrastructure investments in city-to-city connectivity could address these weaknesses? (all modes)

We have briefly set out in earlier paragraphs where we believe the priorities should lie. The principle generic measures that require attention are:

- Appropriate measures to better-regulate traffic speeds on trunk conurbation-to-conurbation motorways, to reduce stop-start tailbacks, increase resilience to heavy demand, and including measures to enable more rapid recovery from relatively minor accidents
- Judicious investment in other highway capacity, including appropriate by-passes, junction improvements and signalling, to reduce congestion at key locations and (in the case of by-passes) reduce negative impacts upon local communities
- Rail electrification, eliminating slower and more costly and inefficient diesel services. The present planned Network Rail CP5 programme (2014-19) needs to be followed on into Network Rail's CP6 (2019-24)
- Increased rail track capacity, through extra tracks and signalling and remodelling of city approaches, to permit separation-out of longer-distance and stopping services and to give freight operators more operational capacity and greater efficiency
- Greater grade-separation or other re-modelling of rail junctions, to reduce conflicting movements, as is currently under way at Norton Bridge (north of Stafford). This is rapidly becoming a priority around Manchester, but also on the approaches to Liverpool and Preston, and may also become an issue at Crewe pre-completion of HS2

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

These, again, are set out in earlier paragraphs. We firmly believe that for both rail and road the greatest priority (apart from HS2) is west to east from Liverpool, Chester and Preston to Manchester/Salford and then on to Sheffield and also to Leeds, Hull and the North East, on the basis that this west-east corridor encompasses the greatest number of the largest conurbations. Investment would beneficially impact upon many thousands of businesses.

In particular, a new/partially-new HS3/NPR rail route will complement HS2. HS2 services will start operating in the North West in 2026, with the route itself arriving at Crewe in 2027 and in Manchester in 2033.

We also believe that, as the premier airport serving the entire North of England catchment (and beyond), better links to Manchester Airport deserve a very high priority. All rail links into Manchester Airport require more attractive frequencies and journey times. Manchester Airport, in effect, needs to be treated as a freestanding "large city" destination in its own right.

As an example of a future step-change in quality, we believe that new Javelin-type high-speed regional rail services, using connections onto the classic network, could link the proposed HS2 station at Manchester Airport with West Cheshire/North Wales, Preston/Blackpool, and Cumbria, dramatically reducing travel times and assisting these areas' economies to develop. If HS3/TransNorth is built, we would expect similar new Javelin-type services to link the Airport to Sheffield, Leeds/Bradford, Humberside and the North East.

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?

The North West has six basic international connectivity corridors/facilities:

- Manchester Airport, the only major UK international airport outside the South East
- Liverpool John Lennon Airport, which whilst much smaller than Manchester nevertheless has important air passenger links to Ireland, Spain and Eastern European destinations, together with significant air freight potential
- The major international deep-sea port of Liverpool, together with the Manchester Ship Canal and the port of Heysham
- Access by overland links to international shipping using East Coast ports, including Humberside and Felixstowe, and also southwards via Oxford to Southampton
- Channel Tunnel rail links via through freight services
- Road links via the M6 and M25 to Channel Tunnel "Le Shuttle" services and short-sea Channel ferries

The most significant changes that are anticipated in the next 25-30 years are:

- Continuing growth at Manchester and Liverpool John Lennon airports (Manchester is expected to double in throughput)
- Major growth in Liverpool's freight throughput
- Rising demand for passenger travel and freight movement, from a growing and more affluent population and from ever more globalised trade patterns
- Rising expectations, in terms of passenger travel quality/efficiency and just-in-time freight movement, with demand for "best world practice"
- Ever-greater competitiveness required from North West businesses

For airport access, we envisage a steady increase in the percentage of passengers using public transport to/from the airports. Manchester Airport's rail links will grow further under the new rail franchise arrangements, but (as already noted) also require radical improvement by linking High Speed Rail to the airport complex, and by offering very fast Javelin-type services from the Airport to a number of North of England locations, and possibly the East Midlands, West Midlands and Scotland.

We would also like to see a progressive switch in the movement of freight to/from the East Coast ports and the Channel Tunnel onto rail, including (in the case of the Channel Tunnel) through international railfreight services. Experience to date since the opening of the Channel Tunnel two decades ago is that by far the greatest proportion of freight has remained on the overcrowded M6/M1/M25/M20 corridor. Use of through international freight services has been deeply disappointing, partly due to regular disruption at the French approaches to the Channel Tunnel. We wish to see this change.

At Liverpool, there is expected to be a very significant increase in on-land cargo movement in connection with the port's development. This will require strategic investment in better rail capacity, together with careful management of HGV flows.

The principal constraint on progress in all the above is naturally the availability of finance, but we would specifically also mention:

- The need for fundamental Air Passenger Duty reform (to enable Manchester and Liverpool John Lennon airports to exploit their potential to the full)
- The need for attractive rail freight paths and capacity to the East Coast and South. We note with regret the continuing delays in increasing capacity on the rail freight route between Felixstowe, Ely, Nuneaton and the West Coast Main Line, and are also aware of capacity limitations between Southampton and the North West
- There needs to be a concerted effort by all the relevant parties to make Channel Tunnel through international rail freight services more reliable, attractive and competitive
- The arrival of HS2 at Crewe will be very welcome, but it may temporarily add to rail freight capacity problems in the North West until the new passenger line is extended to Manchester and towards Preston
- Similarly, until HS3/NPR is a reality, there is likely to be a rail freight capacity problem on the approaches to Liverpool, which will accentuate as the port's use grows post-Panamax
- All these schemes will require the availability of a trained workforce to deliver them. We are already seeing how rail schemes are being delayed by shortages of skilled staff

We would also refer to the comments on Manchester Airport in the previous section.

What form of governance would most effectively deliver transformative infrastructure in the North? How should this be funded, and by whom?

We believe that a form of governance that is devolved to the maximum degree is required to deliver transformative infrastructure in the North, and warmly welcome the recent establishment of Transport for the North. The greatest progress will be made in the shortest time by facilitating the closer working-together of the major city regions and cities of the North, particularly Liverpool, Preston, Manchester/Salford, Leeds/Bradford, Sheffield and the major centres of the East Coast and North East.

Funding for transport comes from the user, the local taxpayer and the national taxpayer, plus in some instances the European Union. This will inevitably continue (with the potential future exception of the EU). An optimum balance must obviously be carefully struck between these sources.

Ultimately, in the long term, most funding will come from users. However, the market in terms of pricing has well-recognised limitations, and it is particularly important that public funds are made available to pump-prime new strategic infrastructure, as has for example recently occurred with Crossrail 1. Some funding may be obtainable from developers, e.g. for rail stations and link roads.

We fully recognise that major national transport infrastructure (such as HS2) primarily requires Central Government co-ordination (and funding). However, for smaller regional schemes, whilst these still need a significant element of Central Government financing, the regional authority Transport for the North is best-placed to determine priorities and take the lead role in designing and commissioning schemes, in partnership with Central Government, local authorities, key agencies such as Network Rail, and the private sector such as train operators (including railfreight).

As already stated, in consideration of future funding, we are unable to offer detailed and fully up to date data relating to transport accessibility, regional trade flows and regional business networks, other than the overview contained in our earlier introductory paragraphs. However, we would make the following generic comments in relation to possible gaps in the current evidence base that exists with local and national Government, in relation

to the linkage between investment in major strategic transport infrastructure and future growth in business efficiency, average earnings and regional GDP:

- There is ready evidence for a strong linkage between significant transport investment and economic regeneration and growth. As an example, we would refer to the report Ambitions and Opportunities - Understanding the Spatial Effects of High Speed Rail, published by the Independent Transport Commission in late 2015, which contains a number of Western European case-studies
- Recent travel and transport data (post 2007) is still affected by the deep economic recession, and it is probable that demand for transport in the North West, by all modes, will climb back further from the recessionary effects of the past eight years
- Recent travel data will not fully incorporate the longer-term effects of very recent transport investments such as Liverpool-Manchester and Liverpool-Wigan electric services and Manchester Metrolink's recent openings to Ashton, Rochdale, East Didsbury and Manchester Airport. In these cases, traffic will take some years to fully build up
- Demand for highway travel will probably have recently been affected by recent steep falls in fuel prices, and the longer-term level of, and influence of, these and of future energy policy and pricing remains unclear
- Demand for rail in some instances has also been temporarily depressed by major works such as Farnworth Tunnel reconstruction, and is also expected to be significantly boosted by the investment plans of the new Northern and TransPennine franchises (announced December 2015)
- HS2 will have a significant impact upon this region, both in terms of passenger movement on the new route and passenger and freight movement on the existing WCML network
- The precise impacts of a growing UK population and changing demand as a result of more intense international trading are obviously further relevant factors

All these influences require taking account of, and therefore current data on transport flows, even if recent, may require very careful consideration if used as an aid to long term investment in infrastructure.

This paper is being emailed to northernevidence@Infrastructure-Commission.gsi.gov.uk Our associated company, North West Energy Squared, is proposing to make a separate submission relating to its Tidal Gateways Project in the near future.

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