

Focus rail investment on linking key cities in North and Midlands to unlock economic benefits, says Commission

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Improving rail links between cities in the North and Midlands should be the first priority of a new approach to end stop-start investments and help level up the UK as part of a wider economic strategy, according to a major new report by the National Infrastructure Commission (NIC).

The Commission was asked by the Prime Minister in February 2020 to undertake an assessment of proposed major rail schemes to help inform the government's Integrated Rail Plan.

The Commission's report ([click here](#)) published today, highlights the strategic case for major rail investment across the North and Midlands, and the need for the government's forthcoming plan to set out a rolling programme of affordable investments.

The report presents a detailed analysis of how different sets of schemes currently proposed within the North and Midlands – including Northern Powerhouse Rail between Liverpool and Hull, the Midlands Engine Rail programme, and HS2 phase 2b linking Birmingham to Manchester via Crewe, and to Leeds via the East

Midlands – might be sequenced and prioritised.

The analysis uses an original methodology to assess how different packages of potential projects would improve connections between places and productivity within them, the value schemes might create by connecting people to services concentrated in cities, and their likely environmental impact.

Since rail performs most cost effectively when providing high capacity transport into and between large population centres, the Commission's analysis suggests that initially prioritising links between nearby cities is likely to achieve greater economic benefits more quickly for the Midlands and the North than alternative schemes, based on their current state of development.

This is because such packages:

- improve the quality of regional, largely east to west rail links between cities within the Midlands and the North, which are generally inferior to longer distance rail links
- focus on schemes that can provide the biggest potential improvements in productivity across the Midlands and the North
- deliver greater improvements to connectivity for several key cities, including Nottingham, Coventry, Derby, Manchester and Liverpool, while also providing significant improvements to a range of smaller places, such as Crewe, Doncaster, Huddersfield and Warrington, and potentially Hull under the electrification programme
- address the biggest problems of existing poor capacity and connectivity, with significant further capacity added to Birmingham, Manchester and around Leeds, particularly on the route to York, and improved connectivity between and within the West and East Midlands, for example dramatically improving journey times between Birmingham and Nottingham
- focus improvement on the journeys that people are most likely to take – into cities from the surrounding area, rather than into London (for example, in 2018-19, 60 per cent of rail journeys in Yorkshire and the Humber were between places in the region, while only 10 per cent were to London).

The Commission stresses that while higher local economic benefits are likely to be delivered by initially prioritising regional links, this does not rule out the further development of options to complete the HS2 Phase 2 eastern leg.

The Commission outlines how different mixes of schemes could fit together to deliver strategic objectives within certain budget envelopes. These indicative budgets begin at £86 bn, the amount the Commission proposed should be spent on strategic rail schemes in the North and Midlands (including relevant parts of Hs2 phase 1 and 2a) based on cost estimates at the time of the 2018 National Infrastructure Assessment, consistent with the Commission's fiscal remit. Acknowledging that government may decide to invest greater amounts in rail, the Commission sets out possible scenarios for the most effective investment of indicative budgets of £108 bn (a 25% increase) and £129 bn (a 50% increase).

While it is for government to decide the appropriate level of spending on rail investments, the significant increase in the cost of many rail schemes since the National Infrastructure Assessment was published two years ago means that £86 bn now only provides enough funding for upgrades and some new lines, which

the Commission believes is unlikely to meet the strategic objective of levelling up in the North and the Midlands.

The Commission advises that, as part of an adaptive approach, government could sensibly begin by committing to a core set of programmes. It notes that some elements of the major rail projects proposed for the Midlands and the North, including the Transpennine Route Upgrade, Midland Main Line electrification and some Midlands Engine Rail schemes, present opportunities for earlier delivery as work is underway already, or because they are independent of other major schemes.

The Commission suggests that there is a strategic case for increasing the budget to 'plus 50 per cent' if core schemes remain on track and public finances can accommodate greater investment in complementary initiatives to support regional growth. To help inform these decisions, work should continue to develop plans for schemes not included in the core set of programmes.

The report notes that major changes in economic geography are unlikely to happen without improvements to rail, but that transport cannot deliver this alone. The Commission therefore recommends that the government's Integrated Rail Plan should form part of a wider approach developed with relevant local authorities to include housing, urban transport and skills.

The Commission also stresses that given the time it currently takes to bring new railway lines into service, government must consider ways of accelerating benefits to passengers in the North and Midlands, including rolling stock upgrades and giving city leaders the long term funding to develop strategies for improving urban transport, which can bring benefits faster than major intercity rail.

Sir John Armitt, Chair of the National Infrastructure Commission, said: "Major rail schemes will be an important component in levelling up the country's economic geography, but we should ensure public money is carefully spent where it can make the most difference.

"The number and scale of rail schemes currently being proposed for the North and Midlands mean that some form of prioritisation will be necessary, and we think there are ways of bringing forward benefits for communities and businesses while keeping options open for additional investments if the circumstances are right.

"Our independent analysis offers government various ways of targeting spending depending on the precise economic and social outcomes it wants to achieve."

Responding to the report, Darren Caplan, Chief Executive of the Railway Industry Association, said: "The National Infrastructure Commission makes the case in its latest report for a consistent programme of rail investment to be delivered in the North and Midlands, including delivering a rolling programme of investments that improves the connectivity in the region. The Railway Industry Association welcomes this analysis, which particularly recognises the need for visibility and ending 'boom and bust' profiles of work for rail suppliers, so they are best equipped to deliver effectively and efficiently.

"It is vital we deliver HS2, TransPennine Route Upgrade, Northern Powerhouse Rail and Midlands Engine Rail in full, whilst also delivering decarbonisation and digitalisation across the region's rail network. If the

Government truly wishes to 'build back better' it should make rail a key part of the UK's economic recovery – and not make the Midlands and North choose between crucial schemes.

“We now look forward to the Government's Integrated Rail Plan, which we hope backs these schemes in full and commits to the jobs, investment and economic growth these projects will bring across the UK.”

Barry White, Chief Executive at Transport for the North, said: “The National Infrastructure Commission's report validates the vision of Northern leaders – recognising the desperate need to better connect the North's towns and cities through new lines and significant upgrades as part of Northern Powerhouse Rail. But in all the NIC scenarios this would fall short of the full stated ambition of Northern leaders. That such investment in our rail network would also come at the expense of HS2's long-awaited arrival to Yorkshire is a bitter blow and one we oppose. The NIC was tasked with integrating these projects – not pitching them against each other.

“The Government now has a bold choice to make on how much it truly wants to level-up through transport investment. As the report shows, increasing rail spend could transform the North's fortunes. But constraining spending and ambition will lead to cut-price versions of the current plans and promised projects simply not being delivered – that will curtail investment in the North and cost many jobs.

“We now strongly urge the Government to be ambitious in its decision-making. If the mission is to 'build back better', then the message is simple: commit to the options that deliver true transformation for the North. That includes better connections for communities such as those in Liverpool, Bradford, Sheffield, Hull and the North East; proper and reliable east and west links; and exploring ways to accelerate construction of projects including the full HS2 network.

“The NIC recognises the clear need to build consensus and that the Government should work with Transport for the North. It's important that we are fully involved in these crucial decisions as the Government finalises the Integrated Rail Plan.”

Rail Forum Midlands (RFM) has issued a statement saying it is deeply concerned that the NIC report puts forward an option for scaling back the eastern leg of HS2.

Elaine Clark, CEO at RFM, said: “The East Midlands HS2 Strategic Board and its partners have put a huge effort into developing plans for regeneration and economic development around Toton and Chesterfield; to scale back proposals now would completely undermine the government's levelling up agenda.

“Our rail supply chain will understandably be very concerned that all the promises of opportunities to work with HS2 will be significantly scaled back. If we are to build back better and greener then HS2 must connect our region to Yorkshire and beyond.

“HS2 is a long-term investment that can deliver a railway fit for the future and that will serve generations to come. We call on the government to fulfil its previous commitments and build HS2 in full.”