



Department
for Transport

Alan Stilwell memorial NW transport lecture

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Moving Britain Ahead



26 April 18



The role of transport in supporting the growth of the Northern economy

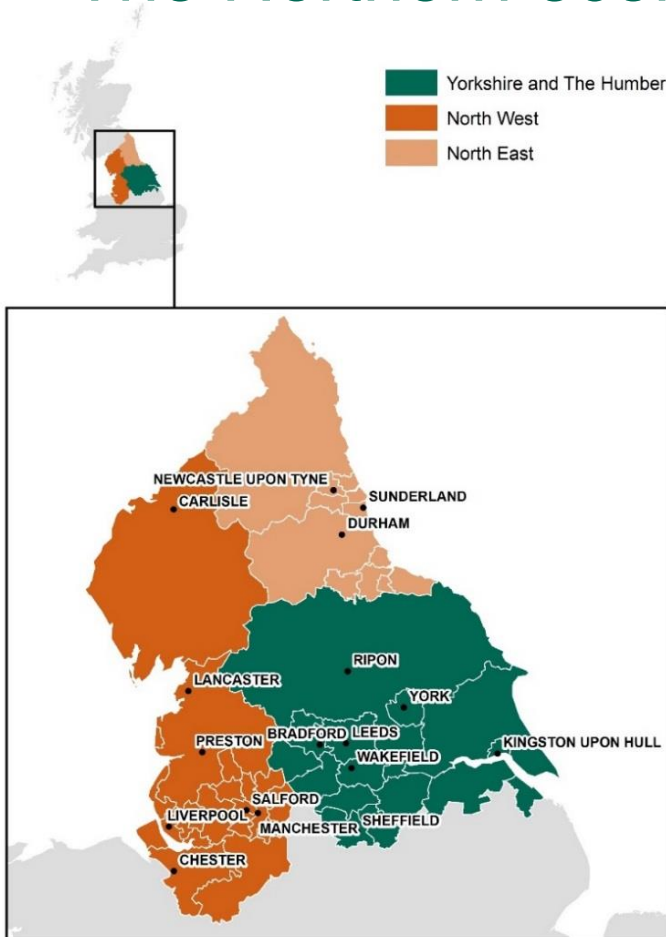
Outline

- ▶ The Northern economy – challenges and opportunities
- ▶ The case for transport investment
- ▶ Devolution in the North of England
- ▶ Transport for the North
- ▶ Northern Powerhouse Rail
- ▶ Metro Mayors and the role of Cities
- ▶ Transforming Cities Fund
- ▶ Where next for devolution?
- ▶ Future transport investment





The Northern economy – challenges and opportunities



▶ The **economy** of the North is lagging behind the national average.



▶ The evidence suggests the GVA gap between the North and the rest of the country is largely driven by **productivity** and **jobs**.



▶ The North offers an opportunity to develop a **cluster of well connected cities** with the potential to generate agglomeration benefits and widen the pool of labour business can access.



▶ The North has nationally significant **ports** – Liverpool, Immingham, Grimsby, Port of Tyne, Teesport, Hull and a number of regional **airports**, including Manchester International Airport.



▶ The North has a particularly **strong regional identity**

▶ **Quality of life** – 5 National Parks and strong cultural offering.



▶ Physical geography brings some challenges for transport, e.g. trans-Pennine links.

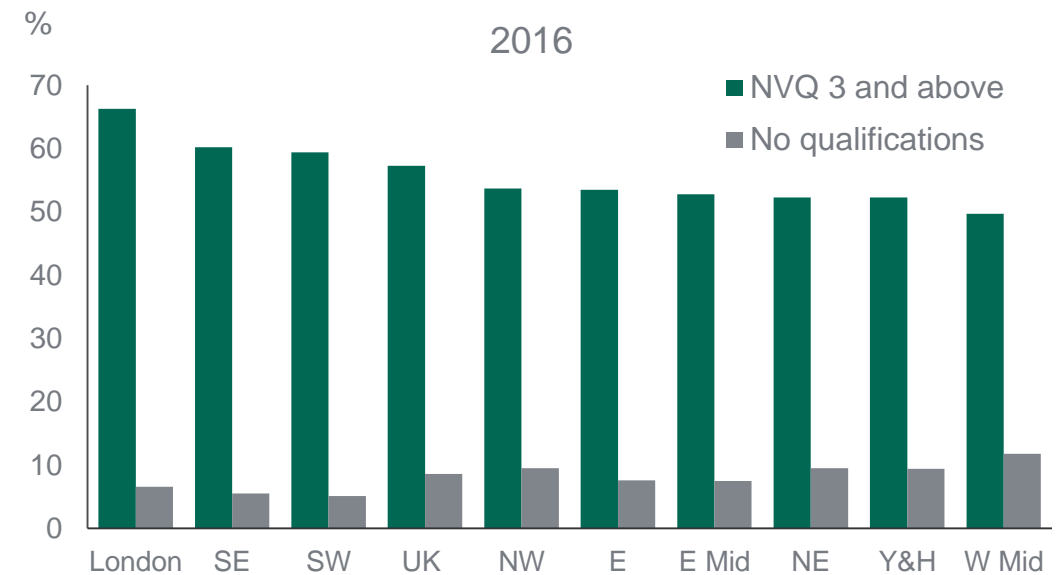


Regional disparities in jobs and skills

Regional unemployment rate



Education levels

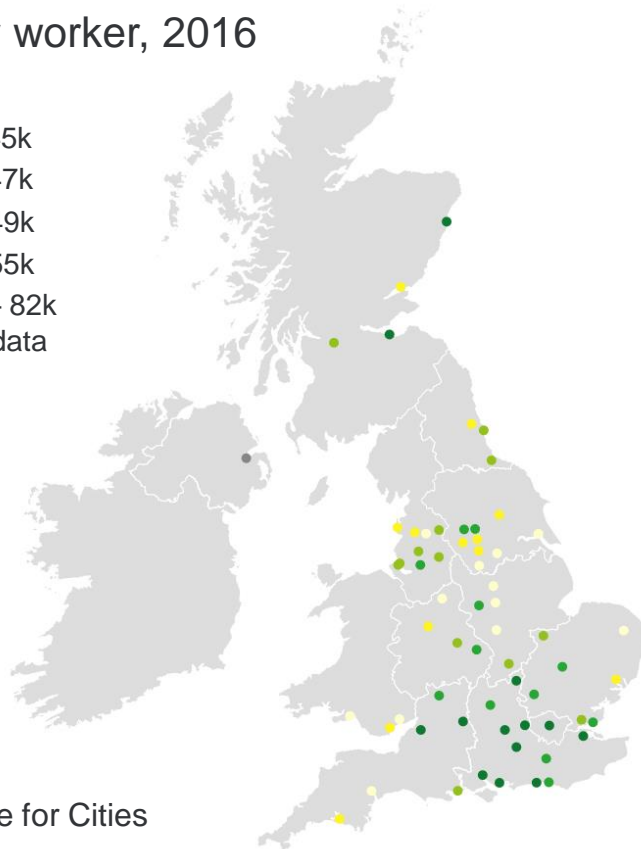




Rebalancing the economy – productivity vs housing

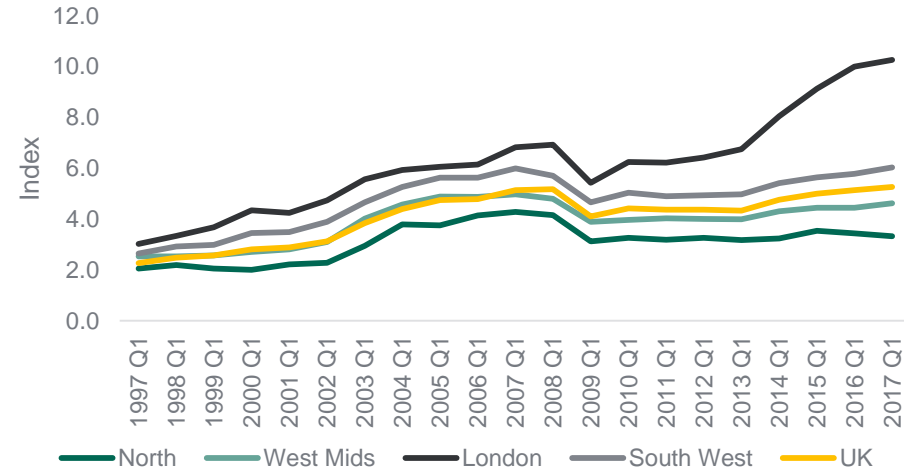
GVA per worker, 2016

- 42-45k
- 45-47k
- 47-49k
- 49-55k
- 55 – 82k
- No data



Source: Centre for Cities

Regional House Price to Earnings Ratio (year on year growth)

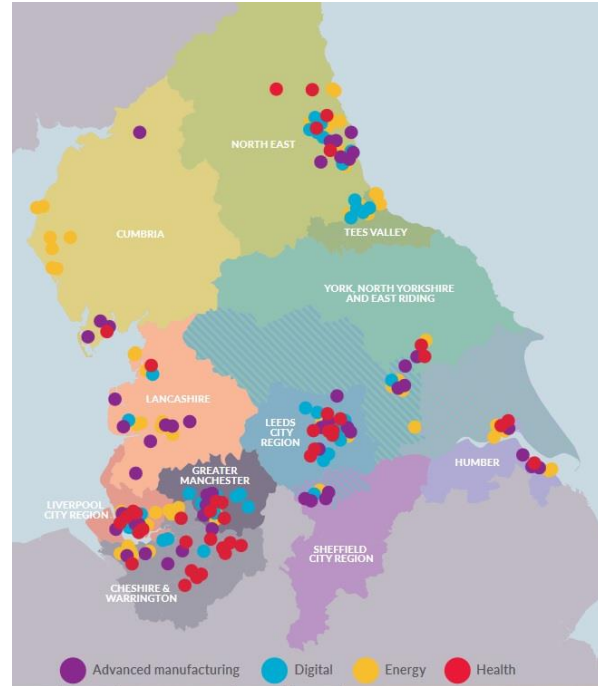




Key findings from Transport for the North's Independent Economic Review

Performance gap

- ▶ GVA in the north averages about 25% below the rest of England, and 10-15% when London is excluded.
- ▶ The two main contributing factors behind this are **productivity** and **employment** levels, driven by:
 - ▶ Skills (most important)
 - ▶ Technology
 - ▶ Investment
 - ▶ Poor connectivity and transport
 - ▶ Lack of agglomeration
 - ▶ Low enterprise rates



TfN aspiration for the North by 2050:

- ▶ GVA up 15%
- ▶ Productivity up 4%
- ▶ Jobs up 850,000 (1.56m higher than 2015)

Growth Opportunities

▶ Prime capabilities:

- ▶ Advanced manufacturing
- ▶ Health Innovation
- ▶ Energy
- ▶ Digital

▶ Enabling capabilities:

- ▶ Financial and professional services
- ▶ Logistics
- ▶ Education (primarily higher education)



The case for transport investment



Transport investment offers the prospect of reducing journey times between cities in the North, creating larger clusters of economic activity and making the North a more attractive place for businesses and people to locate.



But... transport by itself isn't enough

Evidence suggests that transport interventions will be most effective alongside complementary policies, where they build on existing capabilities, and where there are effective governance arrangements.



Transport investment is a necessary but not sufficient condition for economic growth.



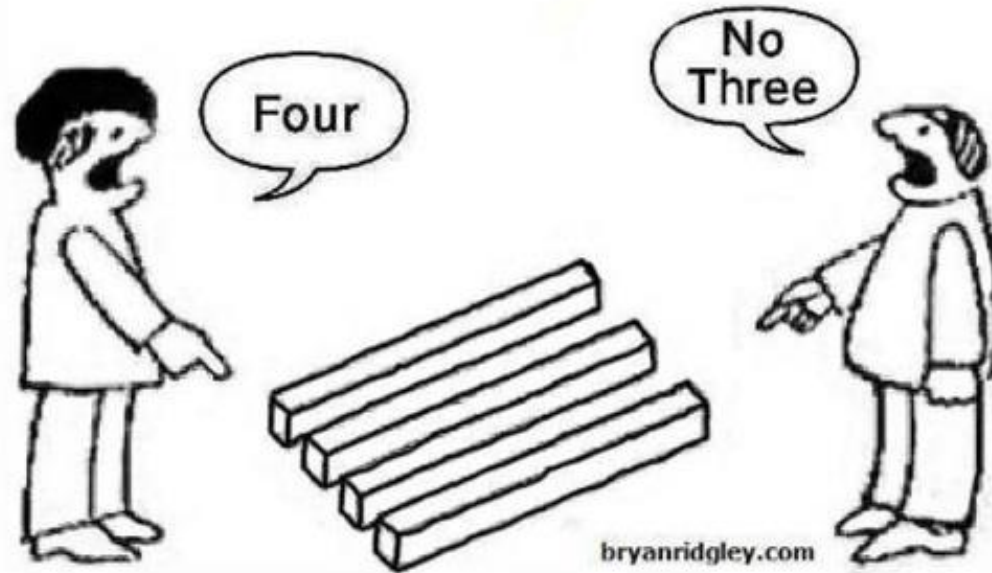
Although Northern Powerhouse Rail is a priority for the North, other interventions are also needed.



Transport appraisal – addressing some common criticisms

“DfT only funds schemes with high BCRs”

We use a 5 case model to make investment decisions



“WebTAG ignores the transformational impacts of schemes on local economies & housing”

We have recently released updated wider economic impacts appraisal guidance.

“Our methods are biased in favour of high-performing areas and the South”

No material differences in average BCRs across regions. Some schemes are hard to value but these are not limited to the North

We’ve recently published a Rebalancing Toolkit



The Rebalancing Toolkit

- ▶ A series of questions
- ▶ One for projects, one for programmes
- ▶ Not there to replace WebTAG
- ▶ Framework to bring consistency

Step 1
Setting the context

Step 2
Identifying transport barriers

Step 3
Exploring options and strategic alternatives

Step 4
Exploring impacts of interventions

Step 5
Aligning with wider local plans and objectives

Step 6
Considering wider evidence and stakeholder views



Devolution in the North of England



▶ The North, and NW in particular, has been a driving force behind the devolution agenda



▶ Greater Manchester was first **Combined Authority**, and negotiated the first mayoral devolution deal. Liverpool City Region is also in the first wave of elected mayors.



▶ The **Manchester Independent Economic Review** has become a template for bringing together economic development and transport as complementary elements of growth.



▶ **Merseyrail** – devolved since 2003 and transformed into one of the best performing franchises, with £460m investment in new, state of the art rolling stock.



▶ **Rail North** is a pioneering partnership with the North on the Northern and TPE franchises, delivering a step change in rail travel.



▶ Collaboration by the Core Cities in the North led to the publication of the '**One North**' report, which set the blueprint for TfN, the first sub-national transport body.



Transport for the North

- ▶ Transport for the North (TfN) became the first statutory sub-national transport body on 1 April 2018
- ▶ Unique opportunity for North to speak with one voice
- ▶ Key functions and programmes:



Preparation of a **Strategic Transport Plan** – consultation closed on 16 April. The STP proposes a series of Strategic Development Corridors for intervention. (£50m core funding)



Statutory partner giving advice to DfT investment processes – which Government must take into account.



Northern Powerhouse Rail – working with DfT to put together a draft Strategic Outline Business Case by Autumn 2018 (final SOBC by December 2018) (£60m funding)

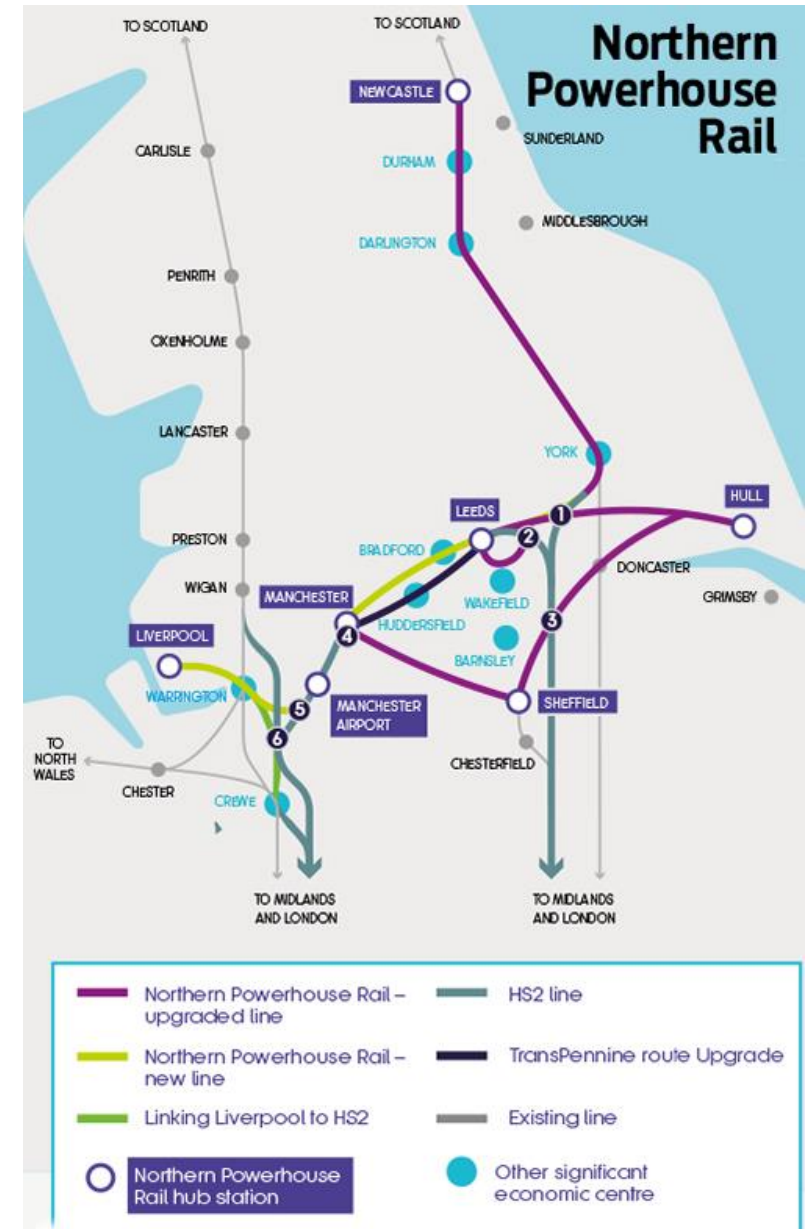


Smart ticketing in the North, across all public transport modes. (£150m funding)



Northern Powerhouse Rail

- ▶ Aims to significantly improve journey times and service frequencies between major cities in the North
- ▶ NPR will build on existing committed schemes including HS2 and the Transpennine Route Upgrade.
- ▶ For places this could mean:
 - ▶ Liverpool – higher capacity, more frequent and reliable services to Manchester and faster services to London
 - ▶ Manchester – an HS2/NPR hub station at Piccadilly providing fast intercity links to other cities in the North, Midlands and South.
 - ▶ Sheffield – Faster, more frequent and reliable links towards Leeds and York
 - ▶ Leeds – Faster links to Manchester and east towards York
 - ▶ Other towns including Warrington, Bradford, Huddersfield, York, Darlington and Durham could also benefit from faster or more frequent links to major cities in the North.
- ▶ A range of options are being considered including new lines and upgrades.





Metro mayors and the role of Cities



- ▶ Metro mayors have had a huge influence since they were elected in May 2017, especially in the NW
- ▶ This influence extends onto the national stage
- ▶ Mayors have also brought significant benefits for their cities, e.g. new investment funding
- ▶ In Liverpool, new rolling stock for MerseyRail was part of LCR devo deal
- ▶ In GM, new Mayor's Strategic Transport Board has been set up



**Greater
Manchester**

**Mayor: Andy
Burnham**



**Liverpool
City Region**

**Mayor: Steve
Rotheram**



Transforming Cities Fund

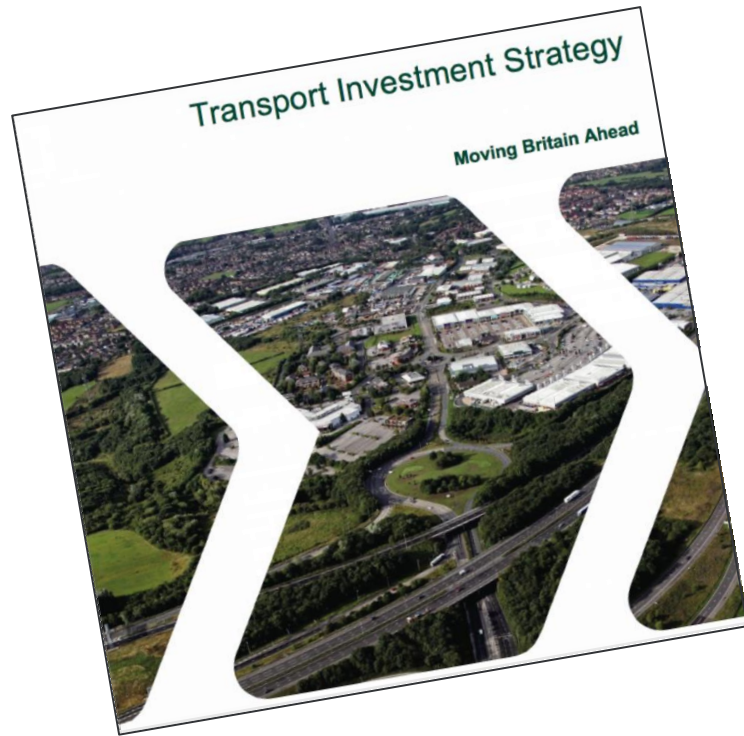
- ▶ Announced at the Autumn Budget, this £1.7bn capital fund was created with the aims of:
 - ▶ Boosting productivity
 - ▶ Improving connectivity in city regions across England (excluding London)
 - ▶ Relieving congestion
- ▶ The fund will be spread over 4 years, from 2018/19 to 2021/22.



- ▶ Mayoral Combined Authorities will receive a guaranteed allocation based on population size.
- ▶ Other areas will have to compete for funding, with expressions of interest by 8 June.
- ▶ We intend to work with city regions to develop their plans, linking this to initiatives such as the **Grand Challenge on the Future of Mobility**, announced as part of the Industrial Strategy.



Future transport investment



- ▶ Public finances likely to remain tight
- ▶ New process in Rail: Rail Network Enhancements Pipeline (RNEP)
- ▶ Road Investment Strategy 2
- ▶ Spending Review in 2019
- ▶ Importance of new sources of funding, including Land Value Capture and finding projects that will bring in an income that can support borrowing
- ▶ Importance of building up a pipeline of investment projects