



Interim Report

THE FUTURE OF TRANSPORT IN THE NORTH

Many voices with one message to back the
North's transport needs

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The North of England must be united and clear in its aims and determined to succeed in securing vital transport infrastructure investment - backed by strong economic data and supporting a broader strategic investment plan if it is to secure the economic and social potential of the Northern Powerhouse and drive growth. It must create a brand and identity that reaches not just all parts of the UK but also to the world economies to create an attractive environment and proposition encouraging long-term sustainable growth through investment. These are the key findings in this Interim Report into meeting the region's transport needs published by Addleshaw Goddard, Atkins and Grant Thornton.

A series of roundtable sessions hosted by Addleshaw Goddard, Atkins, and Grant Thornton for business, stakeholders and government bodies across Northern England over the past year have highlighted other key areas the region must focus on to secure the investment and growth it needs. The aim of the dinners was to create a forum for debate, giving Transport for the North (TfN) the opportunity to listen and ask questions without having to have all of the answers. They have provided a platform which has allowed experience and knowledge to be given by interested parties without pushing their own agenda. With one event to go, the feedback so far has been an overwhelming success. The final event will be held and the final report published this autumn.

The North of England has a once in a generation opportunity to transform its infrastructure and economy with the creation of the Northern Powerhouse and the devolution of powers hitherto held centrally. Key to that is a much-overdue upgrade and expansion of its transport links to provide the connectivity the region needs. With the United Kingdom facing unprecedented political and economic uncertainty a strong consensus is emerging about what those needs are.

The most important finding in this Interim Report is that there is unanimity across the whole spectrum of business and politics for Northern England to have a single coherent vision of its transport needs, with all geographical areas and industry sectors speaking out in support of it. A single message and many voices speaking it will be critical if investment is to be secured, infrastructure improved and growth delivered. But a fundamental question is - what is the Northern Powerhouse? What does it stand for? At present many UK and overseas investors are uncertain: with a unified approach and message, that situation can and will be changed positively.

Transport for the North will play a critical role in determining the future infrastructure of the North of England - and it is developing its strategy and processes. But for it to succeed it needs comprehensive support from business, government and other stakeholders. It is also crucial that sub-regions of the North of England play to their considerable strengths rather than competing for the same things.

Critical to the ongoing success of Northern England is confidence, and there is a real opportunity for the region to establish a template for creating economic growth, delivering large and small scale infrastructure and transport enhancements, and generating wider socio-economic benefits. Although on a macro level the European Union referendum has created uncertainty, this has strengthened the need for devolution. This is now the time for Northern England to come forward with a clear strategy that addresses long-term needs across the entire region. With a change of government too there is further uncertainty, emphasising the need for the North to coalesce around a single message and vision.

Strategic thinking

Key to this will be long-term strategic thinking which overrides short-term political considerations: a repeated frustration of respondents is the inability to push through projects which have planning and construction timeframes measured beyond the life of a parliament.

There is a growing belief, and not just in the North of England, that conventional benefit: cost ratio (BCR) approaches are flawed, being unable to capture and account for wider socio-economic benefits from investment. Benefits such as increased access to work, lower roads congestion, greater educational opportunities and increased social cohesion are difficult to capture using current methods. A new approach would allow these to be encapsulated and ensure that investment is targeted where it can make most difference.

Finding the funding

Investment is unlikely to be solely from the public sector. The North of England has to find a way of unlocking private sector funding that provides a return for investors while retaining best value for taxpayers. It is becoming clear that an element of matched funding is likely to be required, however that can be generated. Without it, government confidence in schemes may be eroded and others such as Crossrail 2 and others in London and the South East may again take precedence.

There are proven methods of achieving this - such as the Project Evergreen railway upgrade for Chiltern Railways - as well as options such as applying business levies on areas which benefit significantly from enhanced infrastructure. However, it needs to be acknowledged that models applied elsewhere in the UK may not be applicable for pan-Northern funding solutions. Flexibility is vital for Transport for the North too in order to access as many sources of funding as possible, something that may require further devolution of powers. Early creation of a framework for investment will help provide certainty and generate confidence in the region.

Identifying needs

In terms of transport needs, better East-West connectivity, connections within the region and to the Midlands, Wales and Scotland will all be vital for the North of England. Trans-Pennine capacity such as the proposed Northern Powerhouse Rail and new road links will be needed sooner rather than later. Ensuring the region captures and maximises the benefits of High Speed 2 is also critical to make the most of this potentially transformative project.

Delegates to the roundtable sessions also emphasised the need for more local connectivity. There is little point in building a new railway, for example, if at either end there is no capacity for extra trains, or for passengers to make onward journeys quickly, easily and sustainably. While major infrastructure and enhancement projects will inevitably grab the headlines, it will be as important to secure smaller scale investment on a more local level to maximise and spread the benefits.

Investment cannot be focussed on a single transportation mode to the virtual exclusion of all others. A balanced transport strategy that provides business and society with a range of options that meet a wide spectrum of needs is what is needed.

With major ports at Liverpool, Hull, the Tyne and Tees, the region has an opportunity to recast import and export logistics. Most intermodal containers currently enter the UK through ports in Southern England, generating unnecessary transport-kilometres to the North of England. A coherent transport strategy must look to play to the strengths of these facilities. In doing so, transportation costs for businesses in Northern England in particular could be reduced and significant efficiencies gained.

Developing skills

In and of themselves, however, transport upgrades cannot necessarily secure growth. The North of England has some of Europe's finest universities and businesses - genuine world leaders in their fields. The region's universities are a great model of how the North can go to market with a focussed message and target what is needed rather than with a long and possibly unrealistic 'wish list.'

The North's universities went out into the world to attract students and achieved this with a focused target backed by enhancing their research and campus facilities. It is now vital that the region ensures that it can retain graduates into employment in the North of England with the necessary skills to make the most of the opportunities that present themselves. Better partnerships between industry and universities, and long-term planning by employers to prevent skills gaps of the sort feared in civil engineering will give the North a genuine competitive edge in the global marketplace. Such partnerships would also help guarantee the flexibility to deal with future changes in the global environment and enhance and maintain the region's strength. They would also make the North of England 'investor ready' - a region where domestic and overseas investors can locate, confident in finding the right people for their jobs.

An emerging consensus - but fundamental questions remain

While a clear consensus is emerging from Addleshaw Goddard, Atkins and Grant Thornton's work, the North of England still has to address fundamental concerns.

How can the entire region benefit from the Northern Powerhouse? At present much attention has focussed on the big cities of Liverpool, Manchester, Leeds and Sheffield - but Northern England is much bigger than that area. The benefits must be spread to areas such as Tyneside and Teesside with its manufacturing prowess, Cumbria with its shipbuilding expertise at Barrow-in-Furness, and to rural areas. While investment must be targeted where it has the greatest impact, *the North of England must ensure that it does not create a region of 'haves' and 'have nots'*. Bringing what might be termed 'outlying regions' on board for the North's transport strategy is an ongoing challenge. Nonetheless, sub-regions will also have to embrace the fact that inevitably some areas will see the benefits of investment before others. Priorities have to be identified based on economic analysis and evidence, not wishful thinking - and it is unrealistic to think every area of the North of England will benefit immediately.

What will the effect of the UK leaving the European Union be? How can the North ensure that it does not suffer economic damage from Brexit, and are there opportunities outside Europe that better transport can help develop? The potential loss of European Investment Bank funding must be a concern for the region.

How can emerging technologies such as autonomous and semi-autonomous vehicles and European Rail Traffic Management System signalling be harnessed to create more efficient and higher capacity transport networks?

Finally, what can companies do to bolster the region's aims and objectives? How can they reinforce the North's tremendous strengths and help address longstanding structural weaknesses caused by historic fragmentation of strategy and decades of underinvestment?

Opportunities outweigh threats

While there is considerable political and economic certainty at present, the interim findings of this report give considerable scope for optimism. The fact that there is such near unanimity across industry and political sectors on the key issues facing the North of England and what is needed to address them should provide real confidence that they will be addressed.

With a large and highly skilled population, combined with world-leading engineering, manufacturing and services companies, the North of England should be looking forwards and

outwards. It has the critical components to punch its weight in economic terms as a minimum, and to provide a template for other areas of the United Kingdom to follow.

For the first time ever, the North of England is uniting towards a common objective that transcends historical geographical and political boundaries. At present the objective has not been reached. But it is in sight. The opportunities for and untapped potential of the region are vast - and quite possibly greater than currently reckoned. The final report this Autumn will provide a clear indication of how far there is to travel, and where the efforts of business and government are best focussed.

A final event - with big implications

The final roundtable event takes place on the 29th September at the iconic National Railway Museum in York - at this dinner, we will surmise the key points from the previous dinners, mainly: *investment, creating opportunities and selling the North as an investable region to a global market*. We will also look to the future for Transport for the North and what we can do now that will make a difference in the longer term.

Amongst the topics being discussed will be:

How can the North benefit from 'Best in Class' technology? What does the digital future look like from both a transport infrastructure and a customer perspective?

Is it more realistic to focus on a series of short term smaller projects now, which will create a long-term sustainable platform for growth, rather than creating a 'mega-project' that may generate a short-term surge in economic growth?

What are the best ways in which the region can help pave the way so that Transport for the North can swiftly start to implement their plans when confirmed as a statutory body 2017?



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