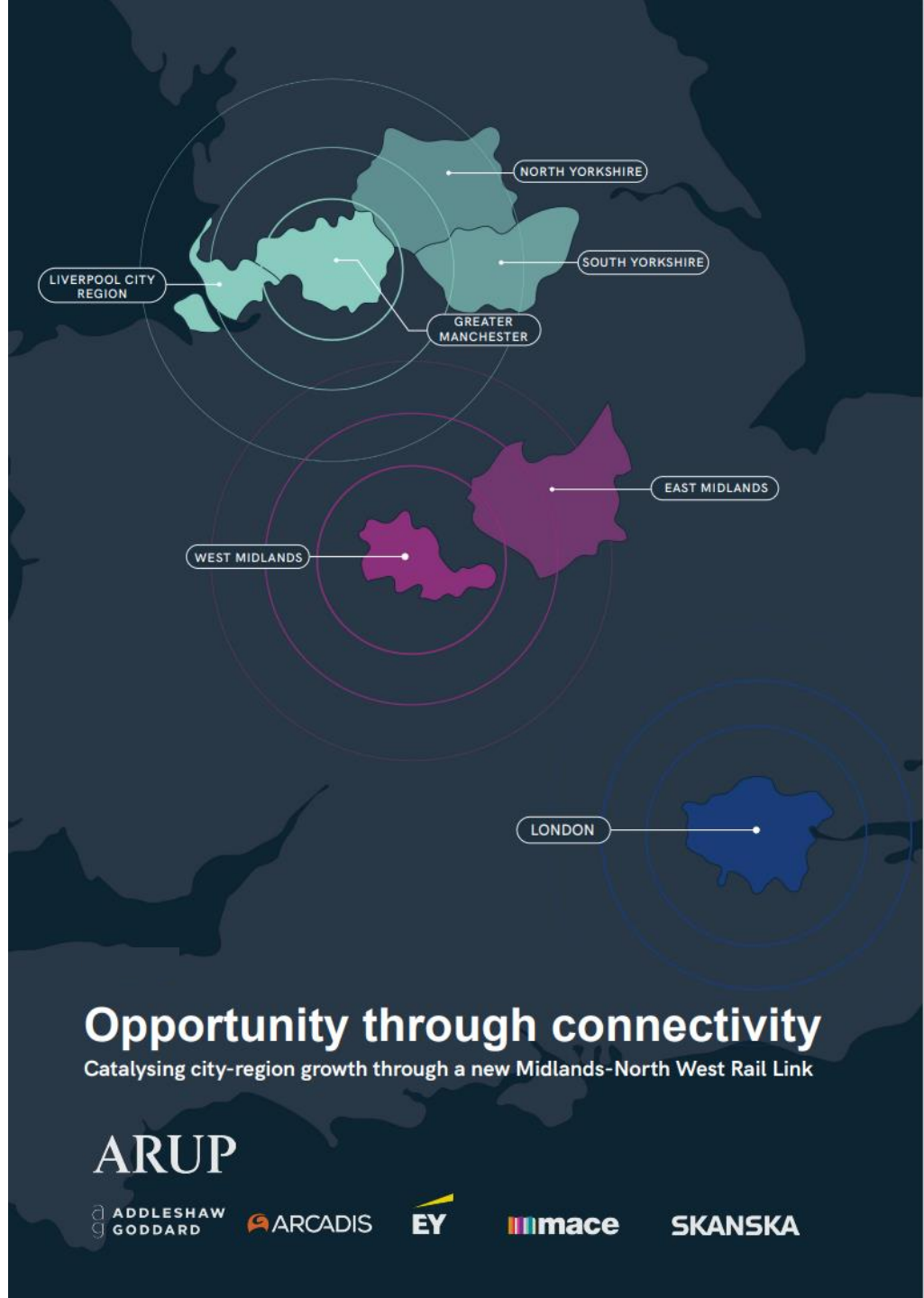


Opportunity through connectivity

A new proposal for connecting the Midlands and North West – securing economic growth and prosperity

Staffordshire Chambers of Commerce – Transport Forum

28 January 2025



Opportunity through connectivity

Catalysing city-region growth through a new Midlands-North West Rail Link

ARUP

ADDLESHAW
GODDARD

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mace

SKANSKA

More than 60 people engaged across seven firms – economists, engineers, finance and legal professionals, planners, strategists, designers, cost consultants.

Sir David Higgins
Independent Chair

All work has been self-funded by these organisations.

ARUP

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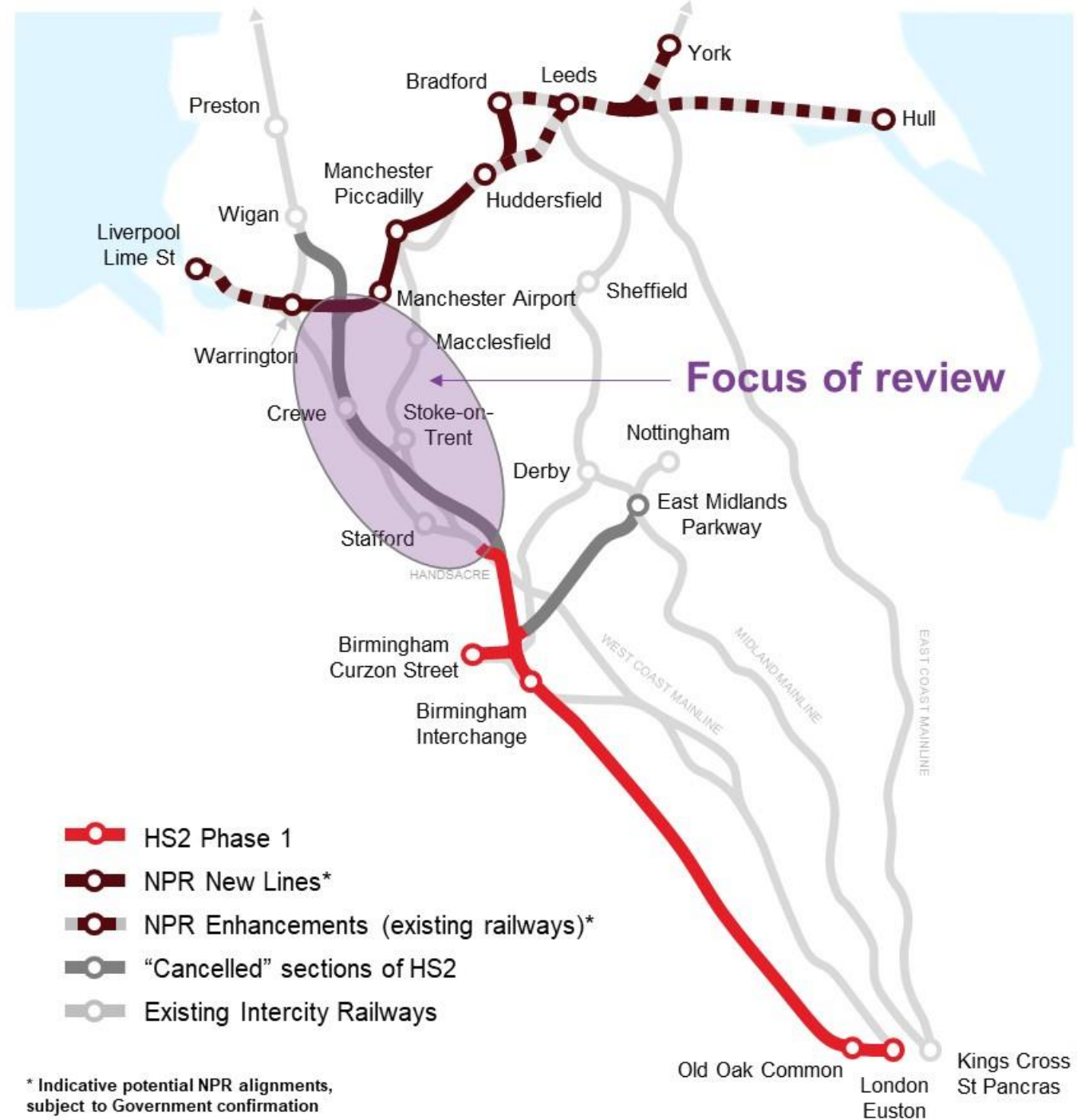
DRAGADOS

Four core questions

What are we examining?

1. Understand the **new baseline** following the former Government's decision to cancel HS2 Phase 2 (and commitment to NPR)
2. Articulate the **economic rationale** for improving connectivity between the West Midlands, Greater Manchester and beyond
3. Identify **lower cost** options for improving connectivity between these city-regions that are **attractive to private sector investment**
4. Identify a **delivery / funding model** – focused on private sector-led approaches, informed by UK and global precedent

*The work has taken an **objective, data-led approach**, reliant solely on **public information**.*



Overarching principles of our work



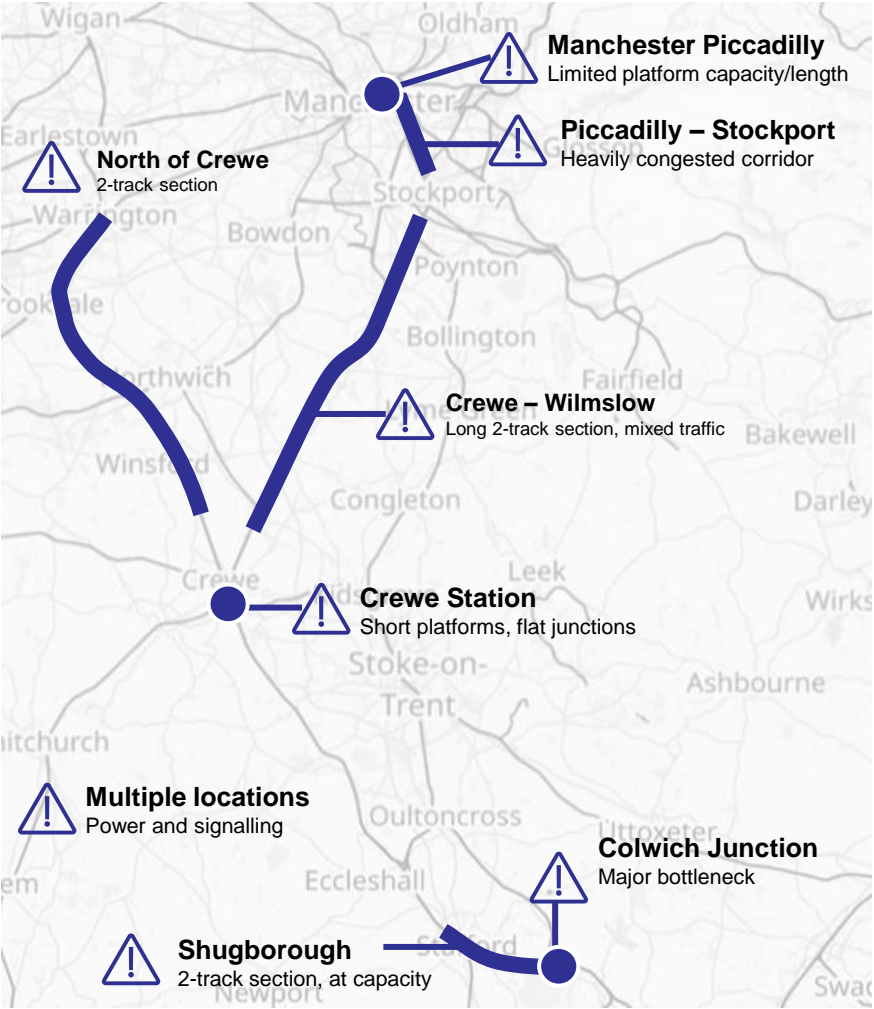
Focused on identifying **solutions for the West Midlands-Greater Manchester corridor** – but with a view towards **national impacts and opportunities**

Take a **private sector perspective** that considers these questions through an economic **place-based lens** – not about ‘building a railway’

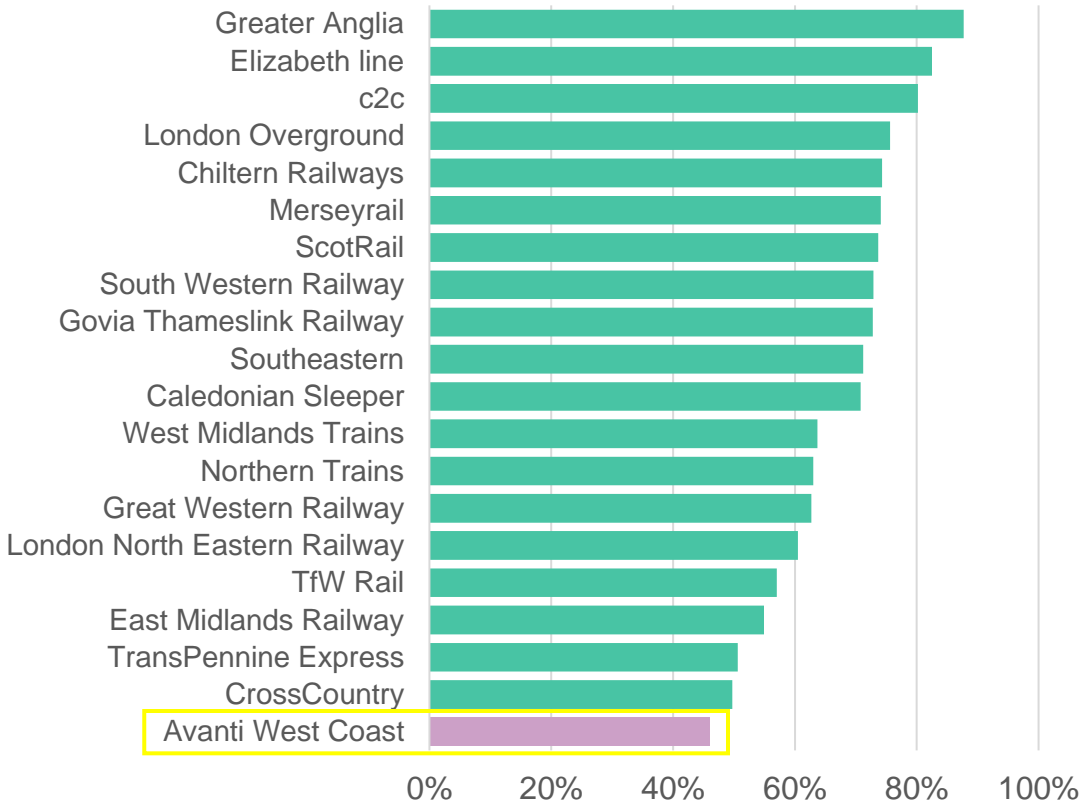
Looking beyond this scheme – **a new model for infrastructure funding & delivery**

The Birmingham to Manchester gap

Least reliable railway in the UK and one of worst in Europe; major infrastructure constraints north of Birmingham inhibit improvement to capacity, reliability, and travel times – no ‘low hanging fruit’



Percentage of scheduled services running on-time



West Coast Main Line – already congested + growing

Based on our projections, within roughly the next decade, travel demand on the London-Manchester corridor will exceed capacity of the line - before any improvements can be implemented

Passenger demand has more than doubled since the 2000s to roughly 35 million intercity journeys per year, making it **one of the busiest rail lines in Europe**

The line is now once again **operating close to its train-carrying capacity**; many services already overcapacity, despite poor reliability and high cost inhibiting growth

Slow growth scenario (2% p.a.)
demand exceeds capacity in
2036

Medium growth scenario (3% p.a.)
demand exceeds capacity in
2032

High growth scenario (6% p.a.)
demand exceeds capacity in
2028

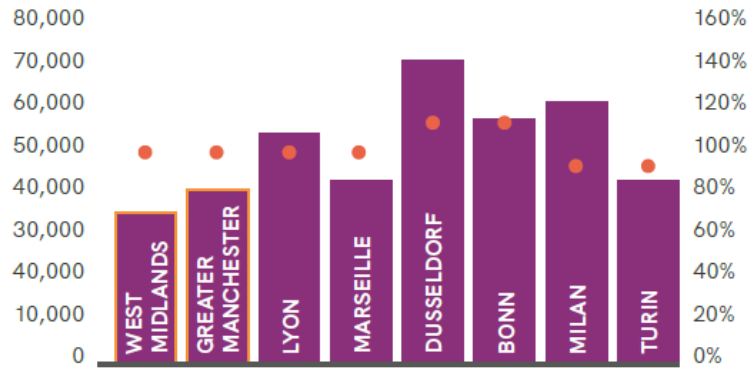
This high growth scenario is comparable to actual growth trends from 2005/06 to 2018/19 on Virgin Trains West Coast

There is a *human* cost to this – not just economic



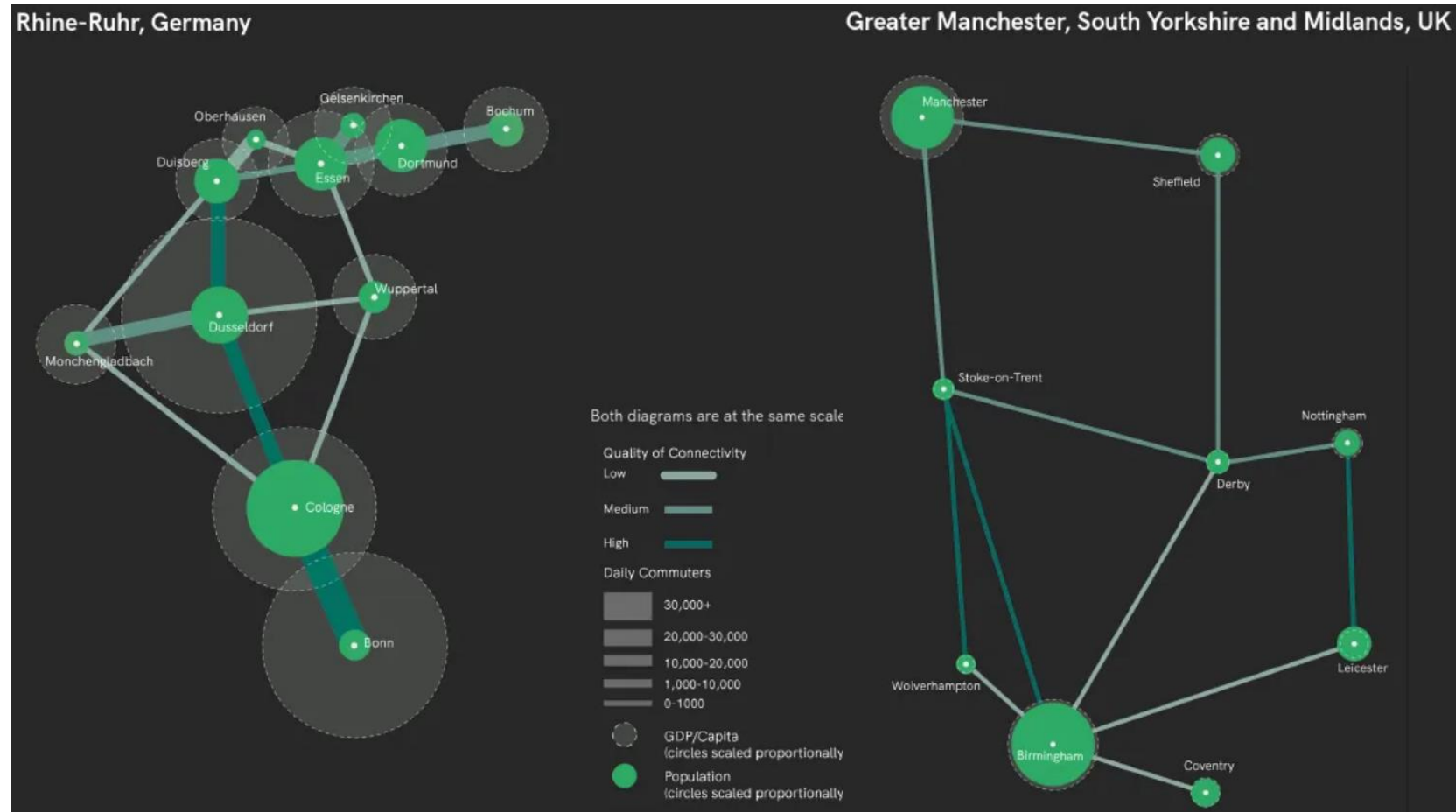
The Economic Cost of Poor Connectivity

Our analysis shows that the UK Second Cities are performing worse than their better-connected European peers



■ GDP/Capita (\$US, 2018)
● National average (%)

The city pairs described above are on average 14% more productive than their respective national levels, bolstering France, Germany and Italy's position as key global economic players



Summary conclusions (part 1)

The economy of the UK is held back by poor connectivity between West Midlands and Greater Manchester – and the proposals on the table in late 2023 would not address that

1. Birmingham and Manchester underperform their peer cities in Europe. The **size of the prize is enormous – up to £70 billion additional GVA per year** if they performed on par with these similar places. Enhanced connectivity is a critical ingredient to unlocking this potential.
2. However, the ‘new baseline’ following HS2 Ph 2 cancellation leaves **significant unresolved infrastructure constraints north of Birmingham** that will restrict economic growth in the Midlands and North. These constraints will also **substantially diminish the economic benefits** from both the Phase 1 investment and proposed NPR investment. North of Birmingham will see:
 - No increase in frequency and potentially fewer seats than today depending on rolling stock mix
 - Highly complex operational environment– HS2 trains mixed with classic services – potential reliability impacts
 - Very limited travel time savings

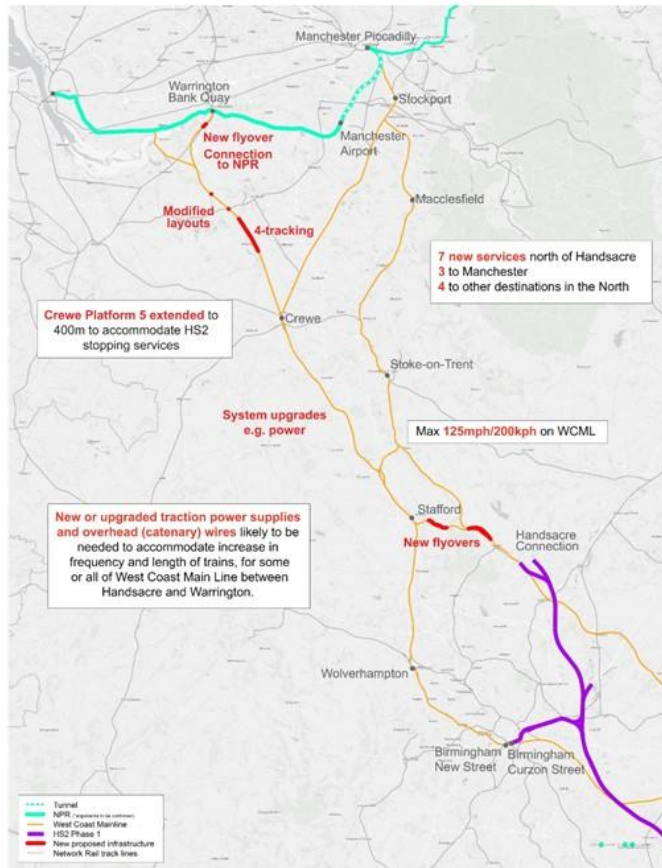
Spectrum of concepts for addressing this gap

Existing infrastructure

New infrastructure

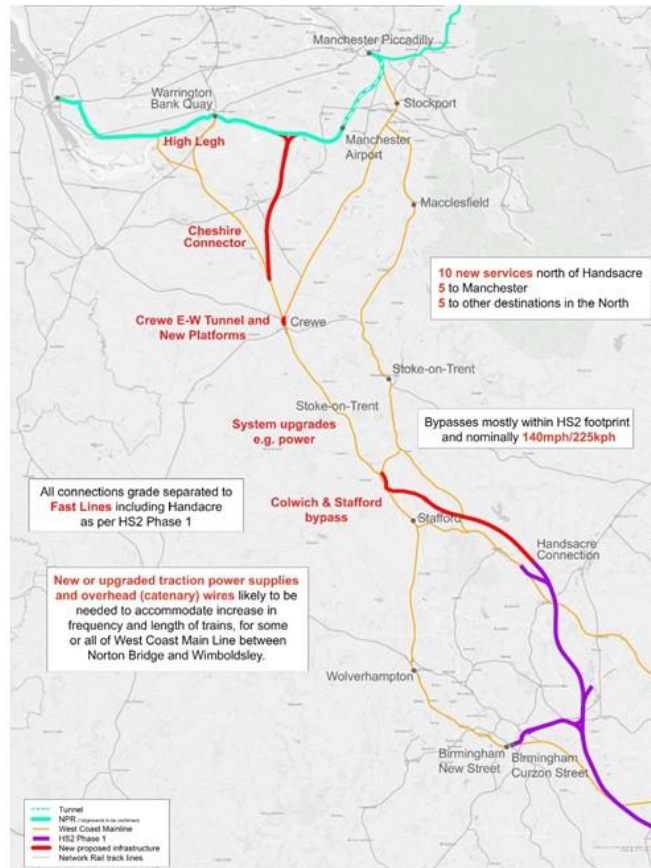
A Upgrades to Existing Infrastructure

Package of major projects on the existing rail network to address key bottlenecks



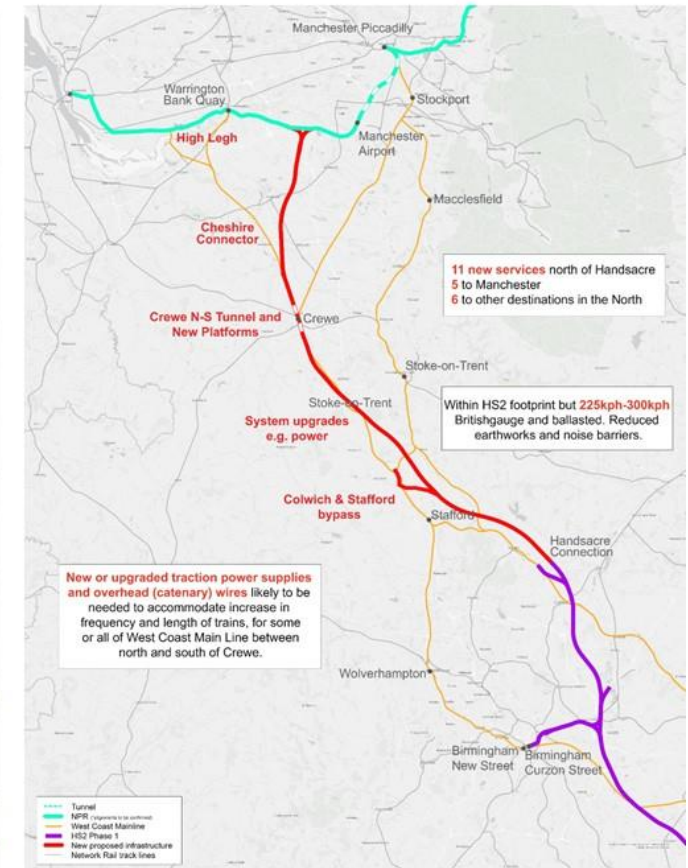
B Mix of Upgrades and Bypasses

New bypass segments to avoid the most congested and challenging-to-upgrade sections of the West Coast Main Line



C Entirely New Railway

Maximise capacity on the corridor through a new railway, utilising a different design specification than HS2



Freight

The West Coast Main Line is a key artery for freight in the UK and is critical to the supply chains of businesses up and down the country

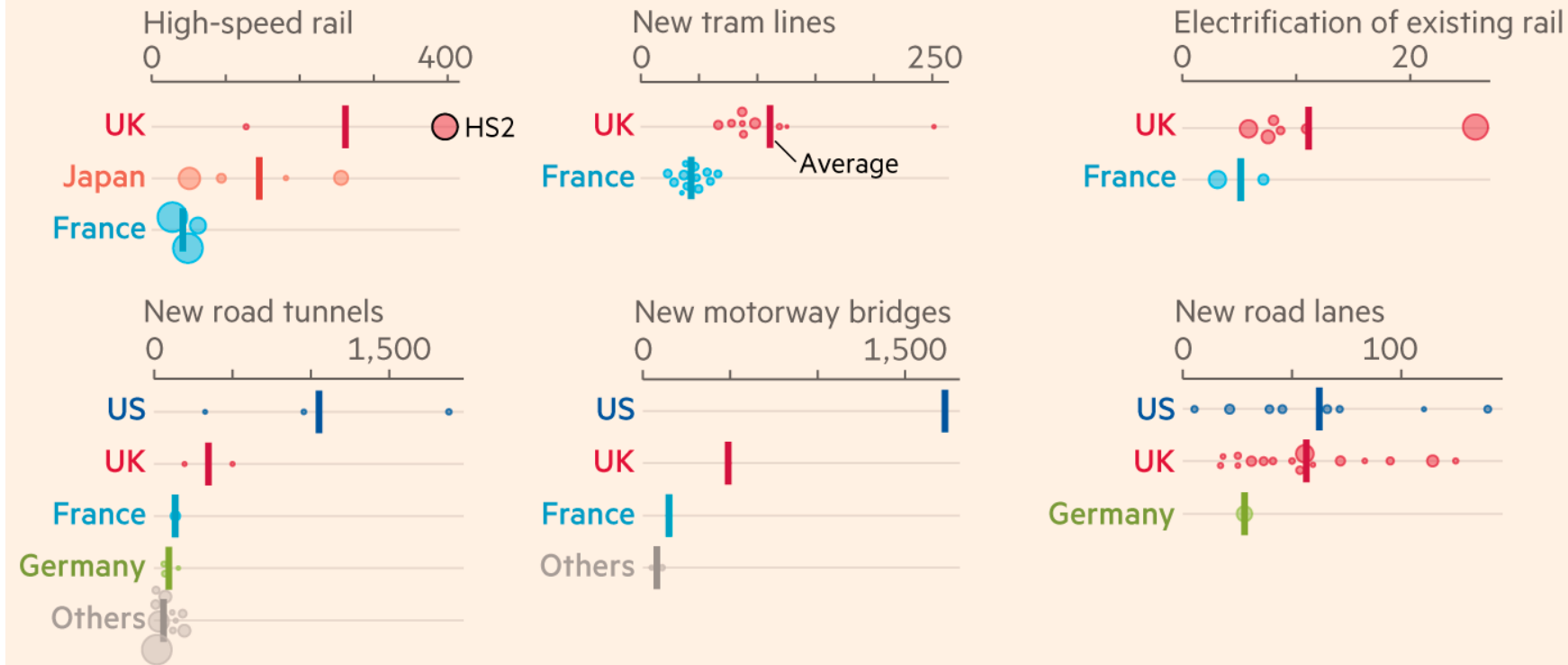
1. Over 40% of the UK's rail freight uses the WCML at some point on its journey
2. Lack of capacity will limit scope for increased freight services that will be required to support sustainable economic growth across the North, Wales, and Scotland.
3. Position is particularly constrained around Manchester
4. Opportunity to use additional train paths on the WCML to support proposed freight terminals at Port Salford and Intermodal Logistics Park North



We need to deliver greener, faster and cheaper

It costs far more to build infrastructure in the UK and US than other countries

Cost per mile* of road or rail for recently completed or ongoing projects (£mn, 2023 prices)



*For roads, costs are per lane-mile

Sources: Britain Remade infrastructure costs database; Transit Costs Project

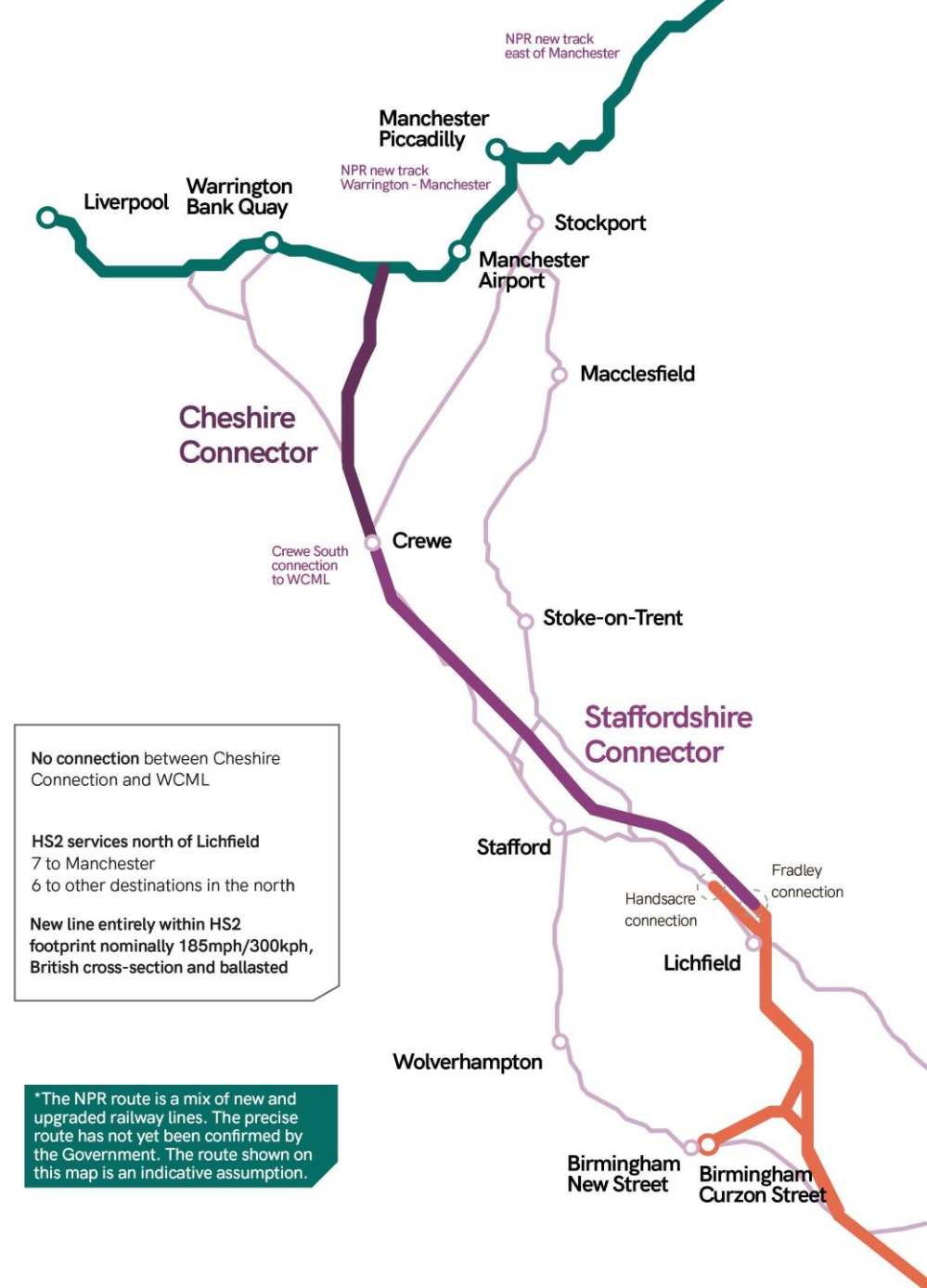
FT graphic: John Burn-Murdoch / @jburnmurdoch

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Summary conclusions (part 2)

A new rail line is needed on this corridor – and this can be delivered at lower cost, with nearly equivalent economic benefits, and through an investment partnership with the private sector

1. We examined a range of solutions: upgrading WCML; building bypasses around the most constrained sections; entirely new rail line. The **best option is a new rail line, delivered incrementally.**
2. We can **lower the cost of this line** through lower speeds, ballasted track, UK gauge, simplified interfaces
3. Potential to deliver at **c.60-75% costs but achieve 85% of benefits** compared to HS2 Ph 2
4. The first stage – the Staffordshire Connector – **should be delivered now.** Significant land acquired, planning in place, relatively straightforward delivery profile
5. Scheme has conditions that make it **attractive for private sector investment** – new delivery and funding model
6. There is a **short window of time to act now** – CPO power for former 2A route expire in 2026, planning powers in 2031



A new delivery model

Opportunity to bring together the best of both public and private sectors working in partnership

Midlands-North West Rail Link designed to be attractive to investors:

- **greenfield, segregated line** that minimises interfaces with other rail infrastructure
- on a corridor with significant demonstrated **travel demand**
- utilises a **de-risked engineering** solution

Financing should be maximised from the private sector (but 100% private not feasible). Could structure as access charge-type model (HS1, Tours-Bordeaux TGV), or availability payments from Government.

Lean & agile delivery structure should be established, with project delivered by privately-led SPV, overseen by Metro Mayors and central Government as co-sponsors.

This will require a new openness by Government to private investment in transport infrastructure.



Summary requests of the Government

Seeking support for developing the right solution, in partnership with the Mayors and private sector

- 1 **Establish a Steering Group** between the private sector, Combined Authorities and central Government to develop a **feasibility study** over the next six months:
 - Working with the British Infrastructure Council, **convene global private investors** to attract investment.
 - Undertaking further financial, commercial, and economic analysis to develop **detailed investment prospectus**;
 - Advance the **technical solution**, working closely with industry stakeholders; and
 - Developing an appropriate **governance structure**.
- 2 We need time to get this right. While work is underway, the Government could help by:
 - **maintaining ownership of the current land** on the former Phase 2A route from Handsacre to Crewe; and
 - reinstating **safeguarding** for the land not-yet-acquired; protecting and prolonging existing **planning powers**; and **maintaining flexibility** to reincorporate the Crewe to High Legh segment into the repurposed NPR Hybrid Bill.
- 3 To formally consider the network-wide benefits of this proposition alongside proposals for **enhancing east-west connectivity in the North** and the economic benefits this would bring to the whole of the UK.

Progress since report launch in September 2024

- 1 Report broadly welcomed.** *“It is an interesting report. We recognise the concerns about connectivity between Birmingham, Manchester and the north of England. We will consider advice and engage with the mayors and the detail of the report and give ourselves time to do that before any precipitate action is taken on the land concerned.”*
Response to question in Parliament by Lord Hendy, Minister of State for Rail 23/10/24
- 2 Land sales stopped** *“We haven’t sold any of the land. We haven’t reversed any of the early works we’ve done. We’re waiting on a decision about what the government wants to do, while it looks at its options”* Sir Jon Thompson, former Chair HS2 Ltd 7/11/24
- 3 Formal meeting held** between the then Secretary of State for Transport and Rail Minister and Mayors of Greater Manchester and West Midland 18/11/24
- 4 Immediate focus on restoring control of costs for Phase 1 of HS2 – Stewart Review** *“I have announced urgent measures to get a grip on HS2’s costs and ensure taxpayers’ money is put to good use.”* - Louise Haigh former Transport Secretary 20/10/24
- 5 Funding approved for tunnels to Euston** *“We are committing the funding required to begin tunnelling work to London Euston station.”* Rachel Reeves, Chancellor of the Exchequer, 30/10/24

Key Future Decisions

In no particular order

- 1 Future of the High Speed Rail (Crewe - Manchester) Bill** - Clarity needed on whether Millington to Piccadilly is designed to allow for North South trains and whether powers (or what powers) are still sought for Millington to south of Crewe.
- 2 Future of Euston Station** - Will the number of platforms proposed at Euston allow for future services north of Birmingham?
- 3 Train services north of Birmingham post HS2 Phase 1 (and post TRU)** – Current review being led by Network Rail including understanding potential passenger and freight growth
- 4 Form of any new rail connection between Birmingham and Manchester** – Our review has made some proposals for a new line that are different to HS2, but these will need to be tested and agreed to a greater level of detail, and in the context of the wider rail network proposals
- 5 Testing of potential private sector funding models** – More work is needed with Government and the investment markets to optimise models for private sector funding

MIDLANDS-NORTH WEST RAIL LINK



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Image by Mangopear
Creative