

# HS2 Phase One & Beyond

## Maximising the economic benefits for City Regions



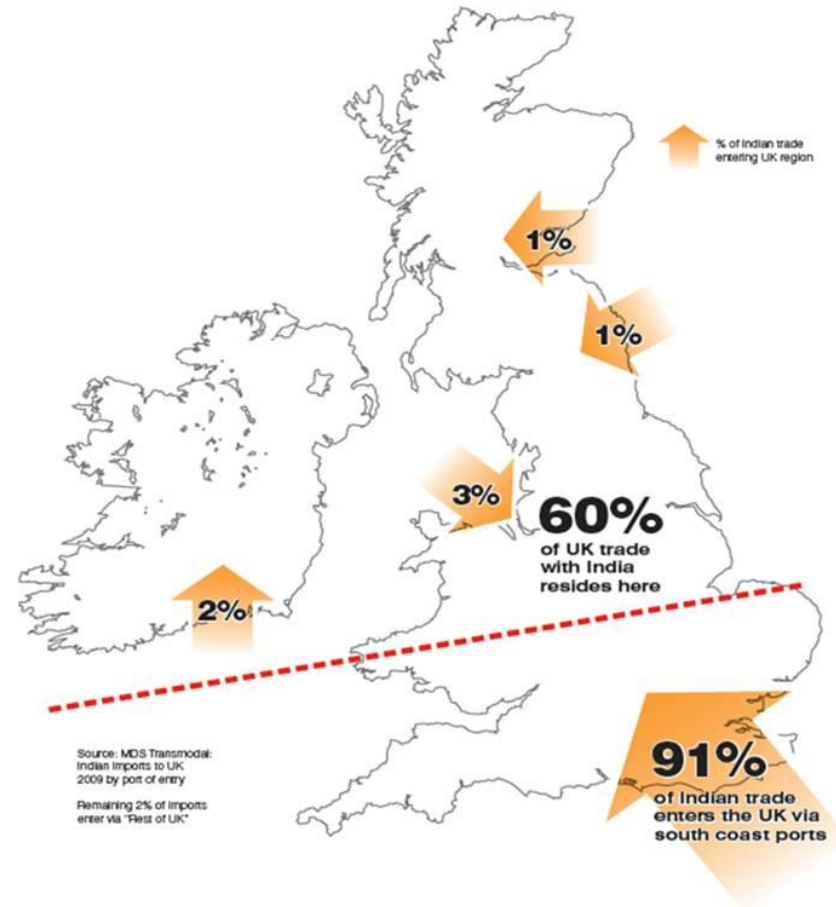
# The initial case for HS2

## Great start, but....

- Freight issue wasn't fully appreciated
  - Branded more about speed; capacity and connectivity not fully realised
  - Potential for re-balancing of the national economy was under-estimated
  - Local connectivity wasn't appropriately covered
  - Economic growth and regeneration potential for the Liverpool City Region not fully recognised, including a reliance on out of date forecasts
  - Opportunity for advancing spend in the North not considered
  - **Opportunity for North and City Regions to address these**
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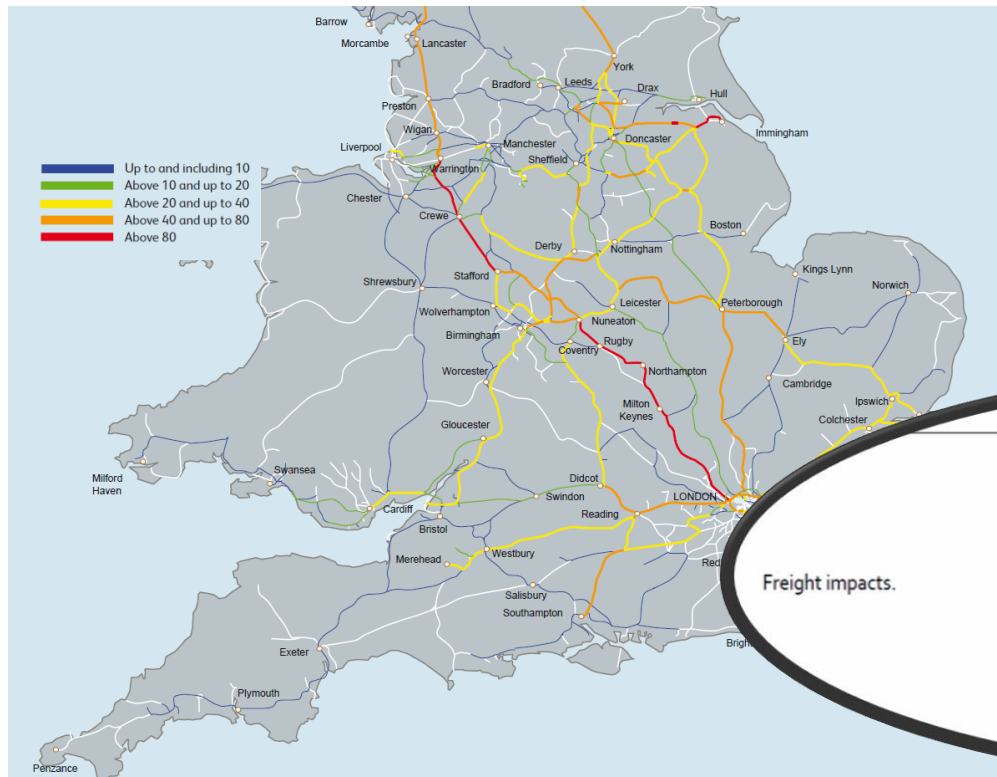
# Rebalancing the economy: the opportunity for freight & logistics

- 'SuperPort' developments, delivering a step change in the economy
- Liverpool 2, a major new container facility, opens in Autumn 2016
- Potential to remove over 150 million HGV miles per year from the congested roads in the South East



# Current Offer:

## Does little to help freight north of Crewe



### The need to value freight?

Freight impacts.	<p>overstated.</p> <p>Whilst the current analysis includes an assessment of car connectivity, it does not specifically look at connectivity for road freight or rail freight. The absence of rail freight impacts in particular is likely to understate the forecast impacts on GDP brought about by investment in HS2, but in particular the freed-up capacity on the classic network, which could be used for rail freight.</p>	<p>Further work is needed to investigate whether sufficiently comprehensive and consistent generalised cost data exists to separately identify the impacts of freight. (This would require appropriate data for both the base year calibration and 2037 'Do Minimum' and 'Do Something'.)</p>
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*Forecast daily freight paths by 2030:*

*Source: WCML RUS, Network Rail, 2011\*.*

*\*Does not include many SuperPort traffic generators*

*Source: KPMG Regional Impacts Study*



# HS2 Economic Report Findings

The current offer (Scenario 2) results in the following benefits to the City Region:

- Increase in GVA of up to **£9.8bn** (60 year NPV)
- Increase in employment of over 15,000 jobs with the potential for a total of 27,000
- Over 1.2m additional visitors per annum to the City Region
- Uplift in City Centre residential values estimated to be around £179m
- Increase of over 20,000 new residents requiring 10,000 homes to be constructed.
- Business rates uplift estimated in the order of £395m (60 year NPV)

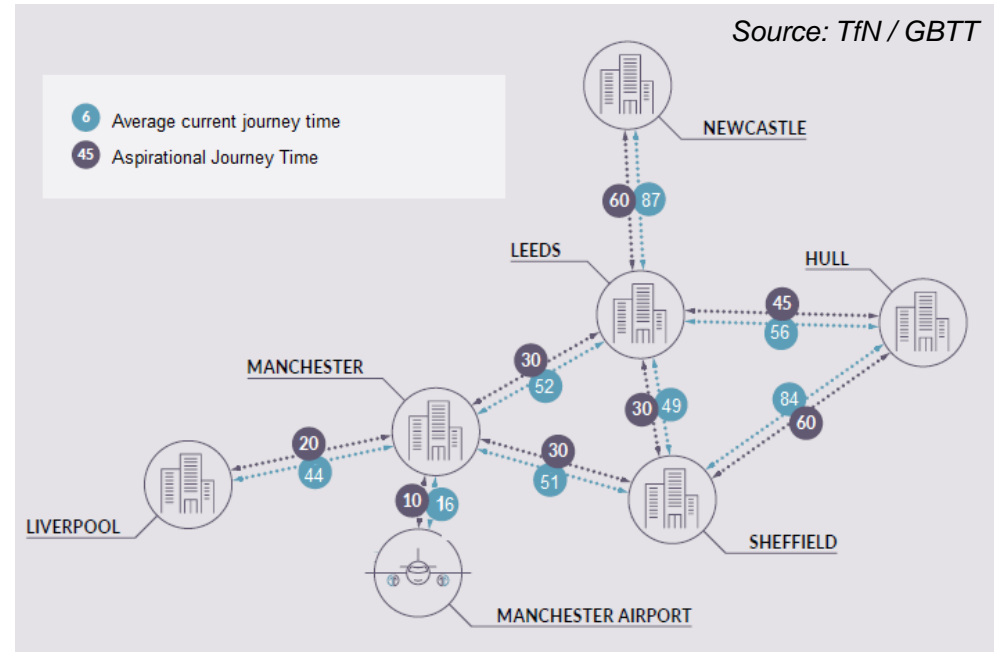
A direct link (Scenario 4) plus the impact of NPR results in the following benefits to the City Region:

- Increase in GVA of up to **£15.6bn** (60 year NPV)
- Increase in employment of over 20,000 jobs with the potential for a total of 32,000
- Over 2.9m additional visitors per annum to the City Region
- Uplift in City Centre residential values estimated to be around £179m
- Increase of over 20,000 new residents requiring 10,000 homes to be constructed.
- Business rates uplift estimated in the order of £395m (60 year NPV)
- Released capacity resulting in freight benefits of up to £177m per return path (60 year NPV)

# Northern Powerhouse Rail (NPR)

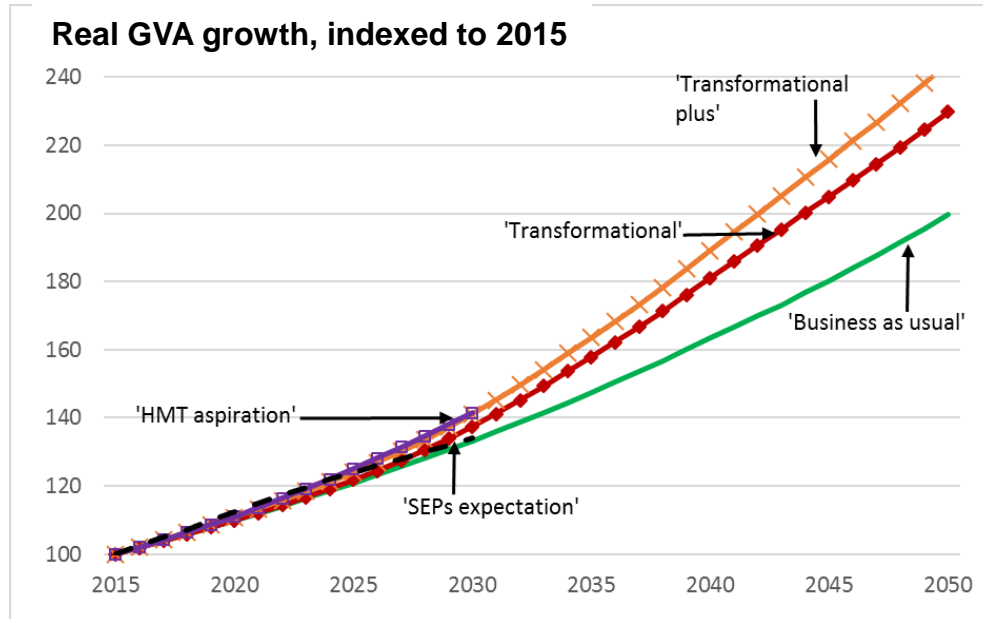
## Vital to the North, vital for the UK

- Northern Powerhouse Rail will improve the connectivity and agglomeration of Northern England
- This will enable the transformational economic growth described in the Independent Economic Review
- Sample\* journey times envisaged from Liverpool:
  - Manchester 0:20
  - Sheffield 0:50
  - Leeds 0:50
  - Newcastle 1:50



- Needs to be examined as part of a full Liverpool – Manchester – Sheffield/Leeds – Hull/Newcastle network; growth of the North as a whole is a risk if only partial solutions are delivered.

# The importance of the Northern Powerhouse



*“The ‘transformational scenario’ would represent a sustained better long-term performance for the North than has been seen in any period in the last four decades. It would depend on long-term improvements in the various drivers of productivity”*

*Northern Powerhouse Independent Economic Review ;  
Final Executive Summary Report*

- Requisites to achieving this growth:
  - Substantial improvements in the skills base and graduate retention.
  - Substantial improvement in innovation performance, and inward investment.
  - Transformational improvements to the North’s transport connectivity, both between and within cities.

# Next steps and opportunities for City Regions

- Transport for the North - a fantastic development with the strategic plans: Rail, Road, Freight, Smart, Local, International
  - Devolution - good start, but should go further including potential fiscal and economic freedoms
  - Build on the Northern Powerhouse Independent Economic Review - build on our strengths
  - Market the offer of the North and our cities - quality of life, cost of living, cultural offer and visitor economy
  - Economic impacts will be of national significance as well as important at regional and sub regional level
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