

The Northern Way Transport Compact: The Economic Case for Transport Investment in the North

March 2011



**Moving Forward:
The Northern Way**



Preface



For the last five years, I've had the great privilege of chairing the Northern Way Transport Compact. Made up of city region, private sector and regional development agency members in leadership positions from across the North, the Compact has provided advice at the pan-northern level on transport priorities linked to productivity. I took up the role as Chairman of the Compact subject to one condition: the policy positions the Compact took and the advice it gave had to be evidence-based.

With the wind down of the RDAs, the Northern Way's activities closed on 31st March. Here we set out in one place the work that the Compact has guided and steered in the last five years. The Compact has met the challenge to be evidence based in spades. Because of this, the Compact has allowed the North to counterbalance the substantially better resourced Transport Scotland and Transport for London.

The Compact has successfully made the case for critical investments that the North's economy needs if the productivity gap between North and South is to be narrowed. There is now a pan-Northern consensus around the case for high speed rail, funding for the first phase of the Northern Hub was announced in the March 2011 Budget, by 2014 the North will have access to a gauge-cleared rail network which will allow carriage of the latest generation of inter-modal containers on standard wagons, and a substantial programme of enhancing the North's motorways is underway.

I'd like to acknowledge the contribution of all who have served on the Compact in creating this success. Individually, they've set aside parochial interests and together they've put the economic interests of the North first.

I also want to acknowledge the work of John Jarvis, the Northern Way's Transport Director. With his small research staff - first Mark Lambert and then Rafael Orsini - and with executive support from Sarah Canelle, then Claire Dean and latterly Vanessa Curry, he has worked with great determination and insight to progress the Compact's priorities and develop the Northern Way's transport evidence base.

The Compact has also benefitted from the high quality work of its professional advisors. First a team from MRC McClean Hazel led by George Hazel and supported by MDS Transmodal started the work of developing the Northern Way's evidence base and set the foundation for the Northern Way's strategic position on transport. From 2006 onwards, Jim Steer has been our Lead Transport Advisor, supported by Neil Chadwick and a team from Steer Davies Gleave and latterly by Professor Peter Mackie and the Institute for Transport Studies at the University of Leeds.

Finally thanks should also go to the Northern Way Steering Group and the three RDA Chairs who delivered the space for the Compact to prioritise and to follow the evidence in doing so.

In the next few years critical decisions will be made on transport spending and strategy and policy that will potentially have a long lasting impact on the North. There's now a new challenge for the North: to create a new way to work together to develop the evidence and make the case for the transport investment that is essential for the North's economic future. The Compact has established the benefits to the North of working together on transport. I doubt it will be long before the North returns to it again.

A handwritten signature in black ink that reads "David Begg". The signature is written in a cursive, slightly slanted style.

Professor David Begg

Chair, Northern Way Transport Compact

Introduction

The Northern Way is a unique initiative, which has brought together partners across the North of England to work together to improve the economic performance of the North and re-balance the UK's economy. It was established in 2004 by the three Northern Regional Development Agencies – One North East, Yorkshire Forward and the North West Development Agency. The wind-up of the Regional Development Agencies means that Northern Way activity came to a close at the end of March 2011.

From the outset, transport has been a central theme for the Northern Way. The Northern Way Growth Strategy (2004) identified the need for an over-arching body - the Northern Way Transport Compact - to co-ordinate transport policy and resolve cross-boundary issues and in particular review evidence and recommend the way forward for key transport priorities. Rigorous consultation on the terms of reference with key stakeholders through 2005 led in February 2006 to the first formal meeting of the Northern Way Transport Compact to guide and steer the work of the Northern Way's Transport Priority and to fill a "market failure" in the North - one occupied by the substantially better resourced Transport Scotland further north and Transport for London in the south.

Independent evaluation has shown that the work of the Compact has added value through economy-focussed research, by influencing national policy development, and by facilitating collaboration and joint investment across the North. The Compact's key success factors can be identified as:

- In 2006, establishing the *Strategic Direction for Transport* that identified the types of measures needed to support the North's economic growth and provided the platform for further prioritisation.
- In 2007, setting out *Short, Medium and Long Term Transport Priorities*, which as well as identifying a prioritised programme of road, rail and other enhancements, also set out a number of strategic delivery gaps – areas where action was needed but there was no agreed way forward or clear promoter. The strategic delivery gaps created an important focus for the Compact's subsequent work.
- Related to the strategic delivery gaps, developing a strong body of evidence with a consistent storyline that has been clearly successful in influencing funding and policy decisions.
- Using the limited capital funds that have been available to pump prime early win investments, which as well as being beneficial in their own right, have importantly, contributed to the case for further investment and created strategic added value.

As of March 2011, together these factors have led to:

- A broad Northern consensus around the case for high speed rail, which will be truly transformational for the North's economy.
- A defined way forward for the Northern Hub which will benefit the entire North, with a first phase of funding committed by the Chancellor of the Exchequer as part of the

2011 Budget. The Transport Compact's work has brought forward the Northern Hub strategy by five to ten years, itself worth £600m to £1.6bn in additional benefits.

- The implementation by 2014 of a gauge-cleared rail freight network at a cost of over £35m that will link the North's east and west coast ports with markets in the Midlands, the South and Scotland, as well as provide for rail access for inter-modal containers on standard wagons between inland distribution centres in the North and the South Coast ports.
- A £1.5bn programme of investment in the North's strategic road network and in particular, an extensive programme of managed motorways across the North.
- Four early win projects that have been implemented and are delivering benefits to the North and have levered additional investment – Manchester Airport Platform 3; Olive Mount Chord; Hull Docks Branch Line; M62/M606 HOV Lane.

This document sets out the work of the Northern Way Transport Compact over the last five years and brings together the evidence base that the Northern Way has developed.

The Northern Way

The Northern Way is the unique initiative that brought together partners across the North of England to work together to improve the economic performance of the North and re-balance the UK's economy. Sponsored by the North's regional development agencies, the Northern Way has worked with city regions, local and central government, business and universities. The Northern Way's focus has been on those issues – transport, energy, business investment and innovation – where the North needs to work together across boundaries. As endorsed by independent evaluation, the Northern Way added value through economy-focussed research, by influencing national policy development, and by facilitating collaboration and joint investment across the North.

The Coalition Government announced the abolition of the Regional Development Agencies and that they will close by the end of March 2012. As part of these closure processes, the Northern Way's funding and activities ceased on 31st March 2011.

The Northern Way Transport Compact was the partnership body established by the Northern Way to provide advice on transport priorities at the pan-northern level linked to productivity growth. The Transport Compact met seventeen times between 2006 and 2011.

1 Rebalancing the Economy & Supporting Growth

- 1.1 There has been long term underperformance of the Northern economy when compared with the more prosperous regions in the South. On a per capita basis, Gross Value Added (GVA) in the North is 80% of the South East. While manufacturing in the North remains an important part of the economy and the service sector has been growing, the North has a greater than average proportion of workers in public sector employment. As a proportion of people available for work, unemployment is also greater in the North than in the South East.
- 1.2 Alongside reducing the fiscal deficit, the current Coalition Government has established as a priority the rebalancing of the economy away from the South East and from the public to the private sector. Speaking in Yorkshire in May 2010 in his first major speech as Prime Minister, David Cameron said:
- Today our economy is heavily reliant on just a few industries and a few regions – particularly London and the South East. This really matters. An economy with such a narrow foundation for growth is fundamentally unstable and wasteful – because we are not making use of the talent out there in all parts of our United Kingdom. We are determined that should change.*
- 1.3 Such change in the economy will take time and will require a coordinated package of short, medium and longer term transformational policies and programmes, including enhancements to the North's infrastructure. The Northern Way has identified the central role that enhancements to transport connectivity have to play in supporting and facilitating the structural changes that are needed to rebalance the North's economy.
- 1.4 To support the re-balancing of the economy, there is a need to enhance the connectivity within and between the North's city regions; between the North and the rest of the country, and London and the South East in particular; and to and from international gateways in the North and the rest of the country, the latter including London's Heathrow Airport and the Channel Tunnel. To achieve this, the North needs a sustained programme looking 20 to 30 years ahead of complementary network enhancements to its strategic road network and to its rail links, delivered over the short, medium and longer terms.
- 1.5 The 2010 Spending Review showed the importance that the Government gives to capital investment to support economic restructuring. While the Department for Transport's capital spend to 2014/15 was reduced, this reduction was less than the cross-Government average. Within the allocation for transport, the North has fared relatively well in securing the bulk of the investment in the strategic road network, but less so for rail where existing commitments are concentrated around London. However, the 23rd March Budget announcement that the Government will fund the first phase of the Northern Hub solution is a welcome step in redressing this imbalance.
- 1.6 The Spending Review has in particular set short term spending priorities. The resulting challenge for the North is now two-fold:

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- Secure the timely delivery of the short term priorities established by the Spending Review.
 - Secure the case for the investment that the North's transport networks need in the medium and longer terms, building on the evidence base and priorities for which the Northern Way Transport Compact has established a robust pan-northern agreement.

2 The Northern Way, Transport & the North's Economy

The Northern Way Growth Strategy

- 2.1 Published in 2004, the Northern Way Growth Strategy Moving Forward: The Northern Way set out how the Northern Way has sought to improve the economic performance of the North. The Growth Strategy highlights transport as a priority area for transformational change.
- 2.2 The Growth Strategy identified three transport investment priorities for the North:
- to improve surface access to the North's airports;
 - to improve access to the North's sea ports; and
 - to improve links within and between the North's City Regions.

Strategic Direction for Transport

- 2.3 To underpin the Growth Strategy, the Northern Way Transport Compact developed the *Strategic Direction for Transport*. The *Strategic Direction* is an evidence-based assessment of the most appropriate transport interventions that will promote productivity gain, while at the same time seeking to protect and enhance the North's natural and built environment and contributing to meeting the nation's commitments regarding climate change. Looking over a 20 to 30 year time horizon, it sits below the high-level transport goals of the *Growth Strategy* and above the level of individual schemes and projects. The *Strategic Direction* sets out the types of interventions which will have greatest productivity impact. While pre-dating the Eddington Transport Study, the *Strategic Direction* is fully consistent with the findings of that report.

The Northern Way's Short, Medium and Long Term Transport Priorities

- 2.4 Building on the *Strategic Direction*, the Northern Way Transport Compact has also established a set of *Short, Medium and Long Term Transport Priorities* for investment in the North's transport system. The Transport Compact's prioritisation work shows that while the transport proposals being pursued by stakeholders across the North will make worthwhile contributions to productivity growth, taken together they do not allow the *Strategic Direction* to be met. Consequently, if the North's productivity growth is to be maximised these strategic delivery "gaps" need to be addressed.



Strategic Gaps to Productivity Growth	
Roads • Keeping the Strategic Road Network Moving • North-wide behavioural change measures Network Integration • Pan-northern smart ticketing • Strategic Park and Ride	Rail • The Northern Hub • Rail gauge enhancements • Rail rolling stock • Trans Pennine and North South Rail Strategies

The Northern Way's Transport Work

- 2.5 The central role of the Northern Way's transport work has been to add to what can be achieved by the North's three regions and eight city regions acting alone. This has resulted in a clear focus on the connectivity between the North's city regions and between the city regions and key business destinations elsewhere in the country, as well as international connectivity. The Northern Way Transport Compact has also worked with partners to add economies of scale to city-region led initiatives.
- 2.6 In particular, built on the foundation of the *Growth Strategy*, the *Strategic Direction for Transport* and the *Short, Medium and Long Term Transport Priorities*, work has focussed on:
- Closing the strategic deliver gaps.
 - Building the evidential base on how transport influences productivity in the North and the size of the Northern economy.
 - Influencing the programmes and policies of Government and the national delivery agencies, including through drawing on the Strategic Direction, the Priorities work and the evidential base to inform the policy and programme consultations and to inform the North's parliamentarians about the work of the Northern Way Transport Compact.
- 2.7 The Northern Way has also worked with partners in the North to support the creation of the All Party Parliamentary Group on Rail in the North. The APPG has established as its key priorities additional rolling stock for the North and the delivery of the Northern Hub solution and in the long term, high speed rail.

Independent Evaluation of the Northern Way's Programme

- 2.8 The Northern Way's programmes between 2004 and 2008 and between 2008 and 2011 have been subject to independent evaluation.

The Northern Transport Compact

The Northern Way established the Northern Way Transport Compact to provide advice on transport priorities at the pan-northern level linked to productivity. Chaired by Professor David Begg, the Compact included City Regional, private sector and RDA members from the North's three regions. The Compact led the development of the Northern Way's Transport *Strategic Direction* and *Priorities* as well as subsequent work.

Informed by the independent evaluation of the Northern Way's programme, it has been identified that the Compact has had significant effect through:

- Strategic leadership;
- Strategic influence;
- Coordination and engagement.

It has done this by:

- Being an independent advisory body with the capacity to discuss northern transport interests linked to the North's sustainable economic growth;
- Confronting the need for evidence and vision versus more parochial interests;
- Creating the capacity for transport experts to talk to politicians and business and vice versa and for agreement to be reached on challenging issues;
- Creating the space for debates that national politicians may recognise as necessary but are difficult to manage themselves;
- Through demonstrating clear strategic added value in considering a well defined set of strategic transport issues at the North of England level, in particular the strategic connectivity that links the North together, with the world city functions offered by London, and also international markets.

The Compact's Key lessons for Future pan-Northern Transport Collaboration

Locus

- Focus on how transport can support and facilitate economic growth and contribute to meeting carbon reduction goals.
- Focus on what is truly pan-Northern and on adding value to what the Local Enterprise Partnerships (LEPs), Integrated Transport Authorities (ITAs) and local authorities can achieve in their own right.
- Stringently avoid duplication of effort with other bodies.
- Develop and support the delivery of key pan-Northern transport projects.
- Act as an advocate for the North to influence the policies and programmes of Government and especially the Department for Transport and the national delivery agencies – the Highways Agency and Network Rail.

Way of Working

- Develop evidence-based positions on how transport can support economic growth, drawing from the existing evidential base supported by bespoke and focussed evidence-building research.
- Establish clear and evidence-based pan-Northern priorities for network and transport system enhancement.
- Foster cooperation, shared understanding and ownership of pan-Northern transport issues, policies and projects.
- Effectively link with city region and bodies in the North – the five ITAs as the statutory transport authorities for the North's larger city regions and the emerging LEPs.
- Effectively engage and work with the Department for Transport, the Highways Agency and Network Rail on policy and project specification and development.
- Dedicated full-time officer support provides the resource needed to progress the full range of activities at the necessary pace.
- Long term relationships with professional advisors progressively increase the value from their input.

Membership and decision making

- Senior political and business representation provides the platform to speak with credibility with Ministers and departmental officials, as well as Northern stakeholders.
- Balanced representation from constituent bodies – in the case of the Compact this has been drawn from the RDA and Regional Leadership Boards and the City Regions. For any future body constituent bodies could be the LEPs.
- Observers from the Department for Transport, Highways Agency, Network Rail, the Passenger Transport Executives and Passenger Focus have each made positive contributions to the Compact's work.
- All members have an equal voice.
- Decisions and agreements made on a consensual basis.
- Other than the observers, the Compact operated on the basis of no substitutes or officer support for members of the Compact at meetings.

Key Documents: Transport & the North's Economy

Northern Way Growth Strategy: Moving Forward: The Northern Way (September 2004)

Strategic Direction for Transport (March 2007)

Short, Medium and Long Term Transport Priorities (September 2007)

Short, Medium and Long Term Transport Priorities – Technical Report (September 2007)

Short, Medium and Long Term Transport Priorities – Technical Report (Appendices) (September 2007)

The Northern Way's Transport Priorities – From Strategy to Delivery (December 2008)

Meeting the Economic Challenge: Delivering the Northern Way's Transport Priorities (February 2010)

Key Documents: Northern Way Programme Evaluation

The Northern Way Evaluation Plan 2008-11 (March 2009)

Evaluation of The Northern Way 2004-08: Full Report (April 2009)



Evaluation of The Northern Way 2004-08: Summary Report (April 2009)

An Evaluation of The Northern Way 2008-2011 Programme: Interim Stage Findings:
Summary Report (June 2010)

An Evaluation of The Northern Way 2008 – 2011 Programme: Interim Stage Findings:
Full Report (June 2010)

The Evaluation of The Northern Way 2008 – 2011: The Final Report

The Evaluation of The Northern Way 2008 – 2011: The Final Report - Summary

3 Strategic Gap: The Northern Hub

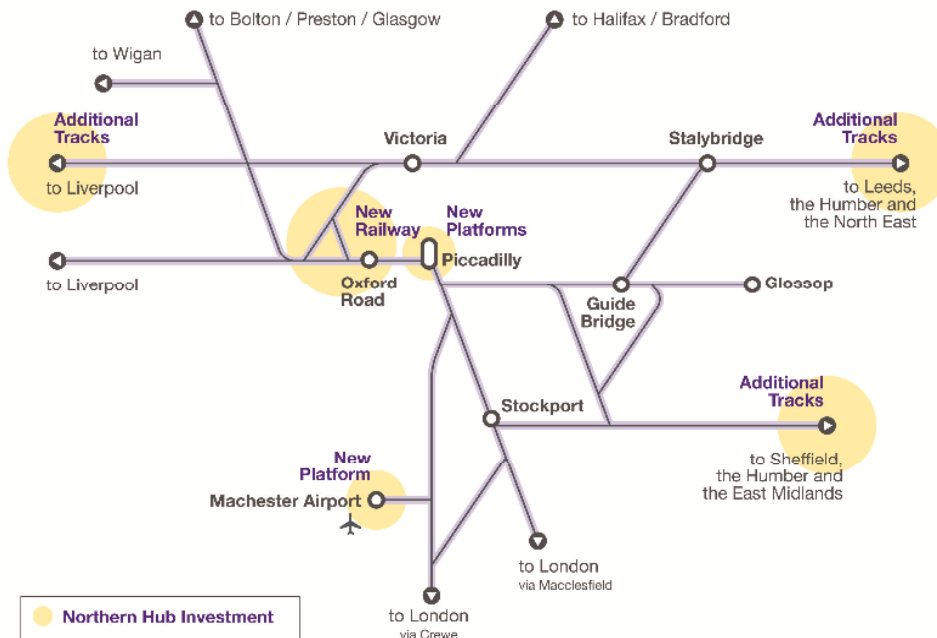
- 3.1 The Northern Hub is the name given to the solution to the rail network's capacity and capability constraints in and around the centre of Manchester that impact across the North. With its partners, the Northern Way Transport Compact identified the central Manchester rail network as the most significant rail bottleneck in the North. These constraints affect the reliability of train services, extend journey times and limit the number of trains that can run. They affect long distance passenger services from across the North, Manchester commuter services, trains to Manchester Airport and freight.
- 3.2 The nature of the Hub problem and potential approaches to its solution were first highlighted by the Northern Way in its *Strategic Direction for Transport* in September 2006. While the deficiencies arise in central Manchester and the approaches to it, the consequences of the capacity shortfall are very widespread across the North. The Northern Way published further evidence on the importance of the Hub in Summer 2007 leading to the September 2007 announcement by then Transport Minister Rosie Winterton commissioning a study to address the issue.
- 3.3 A partnership of the Northern Way, Network Rail, the Department for Transport and the Manchester city region adopted a joined-up two-stage approach to the study. The first stage led to a *Conditional Output Statement*. This was developed by the Northern Way with the agreement of the Department for Transport, Network Rail, and other partners and stakeholders across the North. This innovative approach generated a quantified statement of outputs required to support the North's economic growth. It is conditional because of the need to examine value for money and deliverability, in developing physical schemes that would address the output challenges. Network Rail took up this task as the second stage of the exercise with this over-arching challenge: could they devise a cost effective way to deliver the specified outputs?
- 3.4 Network Rail's conclusions, released in February 2010, show that there is indeed a suitable investment package and that it offers very good value for money. Their assessment is that benefits of the recommended £530m infrastructure package exceed costs by a 4:1 margin. Since February 2010, Network Rail has been taking forward the identified Northern Hub strategy.
- 3.5 The Northern Hub strategy allows for trains every 15 minutes between Manchester and Liverpool. It creates the ability to run more direct trains to Manchester Airport from across the North. The Northern Hub also creates more capacity for rail freight. It allows trains to run directly from Bradford and the Calder Valley to Manchester Airport. It also allows new pan-Northern connections to be created, such as linking Yorkshire and the Humber and the North East with Chester (and North Wales), and with Preston and Blackpool. The Northern Hub solution allows for more commuter trains too and increases the rail accessibility of Manchester city centre by allowing trains to stop at Victoria, Oxford Road and Piccadilly stations. Up to six trains an hour will be able to run between Manchester and Leeds and beyond and up to four an hour between



Manchester and Sheffield and beyond. Journey times for connections such as Newcastle to Liverpool will be cut dramatically. By linking the North's city regions more closely together the Northern Hub will help drive the North's economic growth.

- 3.6 The Northern Hub will also complement high speed rail as well as add benefits to the programmed electrification of lines linking Liverpool, Manchester and Preston. It will provide the springboard for further enhancement of trans-Pennine links. It is the Northern Way's highest priority for medium term investment.
- 3.7 The centrepiece of the Northern Hub strategy is the construction of a new railway viaduct in Salford known as the Ordsall Chord. For the first time this will allow trains to travel directly between Manchester Victoria and Manchester Piccadilly stations. Funding for the Ordsall Chord was announced by the Chancellor in his 23rd March Budget, with implementation by December 2016.
- 3.8 The Northern Hub solution also includes complementary investment including building two new platforms at Piccadilly Station, a new platform at Manchester Airport, as well as additional tracks on sections of line between Manchester and Leeds, and Sheffield and Liverpool.
- 3.9 In Summer 2012, the Department for Transport will publish the High Level Output Statement (HLOS) and Statement of Funds Available for Control Period 5 (2014-19). The 2012 HLOS will be the vehicle to secure funding for the rest of the Northern Hub solution.
- 3.10 The challenge ahead for the North must be to work together to secure the funding for this critical investment in the 2012 settlement so it is delivered in full by 2019.

The Northern Hub



Key Documents – The Northern Hub

- Manchester Hub: Objectives, Options and Next Steps (August 2007)
- Manchester Hub Phase 1 Study: First Stakeholder Event (September 2008)
- Manchester Hub: High Level Stakeholder Consultation (September 2008)
- Manchester Hub Conditional Output Statement (April 2009)
- Manchester Hub Phase 1 - Transport Modelling and Benefit Assessment (April 2009)
- Manchester Hub Phase 1 - Economics Study (April 2009)
- Manchester Hub Rail Study (February 2010)
- The Northern Hub: Transforming Rail in the North (February 2010)

4 Strategic Gap: Trans Pennine

- 4.1 The Northern Way's *Strategic Direction for Transport* identified the importance of the trans-Pennine corridors to the Northern economy. They link the largest city region economies in the North and are at the heart of longer distance links across the North as well as provide access to the North's major port and airport international gateways. The available evidence is that enhancing the trans-Pennine networks will support growth not only of the North's largest city region economies but will benefit the wider North as well. The evidence is synthesised further in the National Networks Study of the Trans Pennine corridor jointly commissioned by the Department for Transport and the Northern Way and which currently is awaiting publication by the Department as at March 2011.
- 4.2 Already the trans-Pennine road links experience congestion and this results in extended and unreliable journeys. The trans-Pennine rail links have experienced substantial growth in recent years and on-train crowding can occur throughout the day, not just in peak periods. There is currently limited capacity to run additional trains. There is no trans-Pennine rail route that is capable of catering for the latest generation of inter-modal containers on standard wagons.
- 4.3 The opportunities for enhancing trans-Pennine road links are limited. Committed and further application of Managed Motorways would improve the reliability of journeys on the M62 between Leeds and Manchester and increase the route's capacity, although counteracting this will be the effect of further traffic growth. Such approaches are necessary if journey times are not to be extended and reliability worsen. As the Government's Spending Review analysis shows they have a very good value for money case. Environmental considerations severely constrain any opportunities to enhance the road links between Sheffield and Manchester.
- 4.4 The most significant opportunities to enhance trans-Pennine connectivity are with the rail network. Work for the Northern Way found that a 20 minute improvement in rail journey time on the trans-Pennine corridor between Leeds and Manchester would result in a GVA uplift of £6.7bn across the North of which just £2.7bn is captured in the two city regions. This helps to demonstrate the value of the benefits to improvements to the North as a whole. As part of its development of a strategy for the national high speed rail network, HS2 Ltd has also identified the significant economic benefits that can come from enhancing trans-Pennine rail, although in-part because of topographical difficulties the trans-Pennine corridor does not feature in the proposed national high speed rail network.
- 4.5 The committed electrification in the North West of the lines between Liverpool and Manchester, Liverpool and Preston and Manchester and Preston along with the Northern Hub solution will create the springboard for further electrification of the trans-Pennine rail network. Electrification would contribute to the goals of reduced journey times, greater frequency and more reliable journeys which in turn would support and facilitate economic growth. Electrification would also result in a gauge cleared route for inter-modal rail freight across the Pennines.

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- 4.6 The Department for Transport has recognised the importance of the trans-Pennine corridors (and as part of this the corridor between Leeds and Sheffield as well as those between Manchester and Leeds and Sheffield). The Department has studied the challenges and opportunities for these corridors in some depth in its Trans Pennine Connectivity Study, one of the series of National Networks Corridor Studies. The Northern Way has contributed to this work both as a co-sponsor of the study and through contributing to the study's evidence base. The study reinforces the importance of the triangle of Trans Pennine corridors to the North as a whole and will be published by the Department in due course.
- 4.7 The challenge ahead for the North will be to build from the capability and capacity enhancements offered by the committed electrification proposals in the North West and from the Northern Hub solution, to establish the case for further enhancement of trans-Pennine routes and secure the economic benefits this will bring. In particular, electrification offers the opportunity to reduce journey times, increase capacity and improve performance, as well as delivering a gauge cleared trans-Pennine route for inter-modal freight.

Key Documents – Trans Pennine

Future Rail Use and the Woodhead Tunnels (October 2008)

Strengthening Economic Linkages between Leeds and Manchester: Feasibility and Implications (November 2009)

Trans Pennine Connectivity Study Working Paper 1: Analysis of Rail Demand and Future Growth (March 2010)

Trans Pennine Connectivity Study Working Paper 2: Analysis of Highways Network (March 2010)

Trans Pennine Connectivity Study Working Paper 3: The Trans Pennine Corridors & the Northern Economy (March 2010)

Trans Pennine Connectivity Study Working Paper 4: Review of Available Transport Models (March 2010)

National Networks Trans-Pennine Connectivity Study (*awaiting publication by Department for Transport*)

5 Strategic Gap: North South Connectivity

- 5.1 As the North's economy grows and as it restructures, north-south links, particularly to London will become more, not less, important over time in economic terms. London is a World City and global financial hub and as such offers financial, legal and other services essential to businesses in the North. Economic growth in the North will increase demand for access to the internationally renowned services that London offers, not diminish it. On top of this, by virtue of its size and wealth London is the largest domestic market for the North's businesses and, of course, as the nation's capital it is at the home of government.
- 5.2 A growing Northern economy will also generate greater demand for north south travel as the city region economies in the North and those in the Midlands become more interconnected. Links between City Regions are of fundamental importance to Northern productivity.
- 5.3 Long distance rail travel between the North and London has grown strongly over the last decade and in contrast to traffic on the roads and domestic air travel, continued to grow throughout the recession. The main lines that link the North with London – the East Coast Main Line, Midland Main Line and West Coast Main Line – each have finite capacity and even with planned expansion, forecast growth is such that they will each reach capacity sometime in the 2020s. It is on the southern sections of the West Coast Main Line that capacity constraints will bite soonest and impact on the North's connectivity.
- 5.4 Expanding north-south motorway capacity is not an affordable or environmentally acceptable option. The London airports are also capacity constrained and the long term trend has been for air connectivity between the North and London to reduce, not increase, a trend that the Northern Way considers will continue.
- 5.5 Further enhancements to north south capacity on the classic lines are needed in the medium term to accommodate the growth that the North's economy needs if it is to reach its full potential. However, in the long term what are needed are new lines to provide north-south rail capacity. The business case for new north-south rail capacity is transformed if the new lines are designed for European-style high speed operation. Enhancements to the classic lines need to be specified to complement the high speed network and make best use of the classic line capacity that the new lines will release.
- 5.6 A national high speed rail network will transform the connectivity of the North with London and the South East, and well specified, with Heathrow Airport and the Channel Tunnel. It offers the opportunity to support and facilitate a fundamental transformation of the North's economy.
- 5.7 The Northern Way Transport Compact identified the benefits that high speed rail can bring in the *Strategic Direction for Transport*. Since then the Transport Compact has been at the forefront of the development of the case for high speed rail to serve the North. Through its steering group membership of the Greengauge21 public interest



group, the Northern Way has added to its own evidence-building work by working with stakeholders from across the country to develop the evidence on the transformational benefits that high speed rail can bring to the North.

- 5.8 In September 2009, the Northern Way published *Transforming Our Economy and Our Connectivity: High Speed Rail for the North*, its high speed rail position statement that set out the case for a national high speed rail network that serves both sides of the Pennines and provides direct links to Heathrow Airport and the Channel Tunnel, as well as to central London.
- 5.9 The Northern Way Transport Compact's work has helped the North establish a broad Northern consensus around the case for high speed rail. This work has been one of the influences on the Government as it has progressed work to develop its proposals for a national high speed network.
- 5.10 High speed rail is a once in a generation opportunity to transform the economic prospects of the North. It is the Northern Way's highest priority for long term investment to enhance the North's transport connectivity. February 2011 saw the publication of the Government's consultation on its proposals for a national Y-shaped high speed rail network and as the first phase of this a line from London to the West Midlands, which is known as HS2.
- 5.11 The challenge ahead is to secure the timely implementation of a national high speed rail network that benefits the entire North. The Northern Way strongly encourages stakeholders across the North to support the Government's proposals for a Y-shaped national high speed rail network and as the first phase of this, the proposals for HS2, the line between London and the West Midlands. To assist Northern stakeholders as they develop their responses to the Government's consultation, in March 2011 the Northern Way published a report on *Issues and Evidence in Response to the Government's High Speed Rail Consultation*.



Key Documents – North South Connectivity

Agglomeration Impact of a North – South High Speed Line (November 2006)

North-South Connections (August 2007)

Fast Forward: A High Speed Rail Strategy for Britain (September 2009) (*Greengauge21*)

Transforming Our Economy and Our Connectivity: High Speed Rail for the North (September 2009)

High Speed Rail and Agglomeration Benefits (October 2009)

Issues and Evidence in Response to the Government's High Speed Rail Consultation (March 2011)

Further evidence building reports on high speed rail co-funded by the Northern Way are available from the Greengauge21 website:

<http://www.greengauge21.net/>

6 Strategic Gap: The Strategic Road Network

- 6.1 Congestion on the strategic motorway and trunk road network around the North's city regions is the biggest transport threat to the North's economy. This is where the motorways handle both longer distance traffic and the needs of our city region economies. The Northern Way Transport Compact has identified a set of priority investment areas for the North's strategic road network and these relate to enhancing access to Ports in the North, addressing the most severely congested sections on the North's strategic road network and addressing network 'gaps' – sections of the strategic road network that have a design standard notably lower than neighbouring sections with consequent problems with safety, delays and unreliable journeys.
- 6.2 As part of its response to the 2010 Spending Review, the Department for Transport set out investment plans until 2014/15. As can be seen from the table below, the North has been successful in securing a significant tranche of the short term investment in the strategic road network. What the Department's analysis has shown is that enhancements to the strategic road network in the North have a strong value for money case equivalent to and in some cases bettering competing investment proposals elsewhere in the country.
- 6.3 While there is clarity on the short term programme to 2014/15, beyond this the direction of the Government's long term strategy is unclear. It is understood that alongside the rail High Level Output Statement, the Department for Transport intends to set out future expenditure plans (to 2019) for the Strategic Road Network. In addition, the Department for Transport is proposing to introduce a national lorry road user charging scheme by April 2014, which will clearly have impacts on the North.
- 6.4 Looking beyond the short term programme of investment, there will be further opportunities in the North for the application of the Managed Motorways concept. The Northern Way Transport Compact has also identified the role that wider application of Intelligent Transport Systems (ITS) can play in managing future road traffic, including the potential for integrating Highways Agency and local authority systems. The Transport Compact has also considered the role that smarter choices can play in delivering productivity benefits.
- 6.5 The challenge ahead now for the North is to:
- secure the most beneficial settlement possible for the North in the 2012 settlement;
 - engage with the on-going development of the lorry road user charging regime to ensure that this meets the North's economic needs and sustainable freight distribution.



Key Documents – Strategic Road Network

M62 Route Action Plan (November 2006)

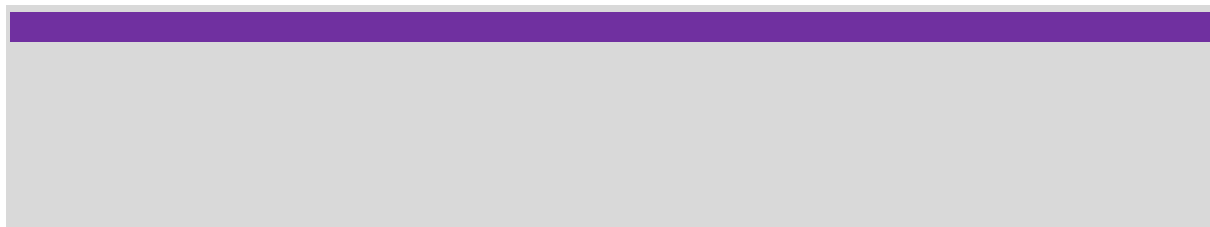
Existing and Future Traffic and Congestion on the North's Strategic Road Network (October 2008)

Congestion Management using Intelligent Transport Systems (October 2008)

Strategic Park and Ride Review for Yorkshire and Humber Final Report (March 2009)
(available on request from the Highways Agency)

East Leeds Parkway Strategic Park and Ride Final Report (August 2009) (available on request from the Highways Agency)

Intelligent Transport Systems Audit (October 2009)



NORTHERN WAY PRIORITIES	PROGRESS
For port access	
A63 Castle Street, Hull	Preferred route announcement, March 2010. Highways Agency continuing to develop scheme post 2010 Spending Review with aim of starting construction post 2015.
A5036 Port of Liverpool Access	Subject to outcome of a Regional Networks study reviewing options for the A5036 in the context of a multi-modal access strategy for Port of Liverpool.
A160/A180 upgrades south of the Humber	Preferred route announcement, March 2010. Highways Agency continuing to develop scheme post Spending Review with aim of starting construction post 2015.
On currently congested parts of the network	
M1 and M62 upgrade in South and West Yorkshire	M62 Junction 25-30. Preliminary work completed for Bradford to Leeds. Go ahead for Managed Motorway measures confirmed as part of Spending Review outcome. M1 Junctions 28-31 south of Sheffield and M1 Junction 32-35a east of Sheffield. Go ahead for Managed Motorway measures confirmed as part of Spending Review outcome. M1 Junctions 39-42 Wakefield. Go ahead Managed Motorway measures confirmed as part of Spending Review outcome. Experimental traffic orders for high occupancy vehicle lane at the M62/M606 junction (funded by the Northern Way) made permanent. [Managed Motorway for M1 J35a to 39 not currently planned].
A1 Newcastle Gateshead Western bypass	Highways Agency working with the local authorities to consider further the options for relieving congestion but no timescales for delivery. Under consideration as part of Access to Tyne and Wear National Networks study.
A19 New Tyne Crossing	Work started on this local authority PFI scheme in April 2008. The second vehicle tunnel opened in Feb 2011. The existing tunnel will now be refurbished. Both tunnels are expected to be fully open to traffic Dec 2011.
M60 and M62 in North West	M60 anti-clockwise between junctions 15 and 12. Provision of an additional lane confirmed as part of Spending Review outcome. M60 Junction 8-12. Go ahead for Managed Motorway measures confirmed as part of Spending Review outcome. M62 Junction 18-20. Go ahead for Managed Motorway measures



	confirmed as part of Spending Review outcome. [M60 and approaches to it also under consideration as part of Access to Manchester National Networks study.]
M6/M62 interchange	No development work yet undertaken for possible Managed Motorway between M62 J10-12 and M6 J21a-26.
M6 South of Manchester towards Birmingham improvements	Under consideration as part of Access to Manchester National Networks study.
M56	Approaches to M60 under consideration as part of Access to Manchester National Networks study.
M61	Approaches to M60 under consideration as part of Access to Manchester National Networks study.
Network Gaps	
Connecting Newcastle directly into the motorway network	A1 upgrade to motorway under construction between Dishforth and Leeming.
Connecting Newcastle directly into the motorway network	Second stage between Leeming and Barton cancelled as part of Spending Review outcome leaving a 10 mile gap in the motorway network between Tyneside/Wearside and the M25.
A556 (M56 to M6)	Preferred route identified. Upgrade from single to dual carriageway confirmed as part of Spending Review outcome.
A1 Redhouse to Darrington upgrade to motorway	Under consideration as part of Trans Pennine and Corridor 10 National Networks studies.
North wide behavioural change programmes	Northern Way report published on productivity benefits of smarter travel choices. Follow up work published following regional workshops identifying further action by Northern Way to encourage more coordinated consistent approaches.
Work with Government on long term measures looking beyond Managed Motorways	Northern Way report published setting out our objectives in establishing longer term Intelligent Transport System (ITS) measures looking beyond active hard shoulder running. Follow-up Northern Way report published to inform the DfT National Networks process.

7 Strategic Gap: Network Integration & Smarter Choices

- 7.1 As witnessed in London, smart ticketing makes public transport easier to use. It also delivers a productivity benefit too as smart ticketing creates an opportunity to speed up journeys, especially by bus, through reducing the boarding time and so reducing overall time spent at stops.
- 7.2 Smart ticketing also allows the development of new ticketing products and new ways of paying for public transport, as well as the targeted use of discounts, for example to support job seekers as they get back into work. It therefore also has a huge potential in addressing social policy objectives.
- 7.3 The Northern Way has supported the Yorcard smart ticketing pilot to improve the quality of evidence that it yields. Findings from this trial are now available on line¹. The Coalitions Government has committed to making smartcards available for most public transport journeys by December 2014. The Northern Way warmly welcomes this commitment. The re-franchising of rail services currently provided by Northern Trains and Trans Pennine Express is a further opportunity to extend the scope and coverage of smart ticketing in the North.
- 7.4 The Northern Way Transport Compact has also identified the potential for strategic park and ride, developed from the perspective of road users as a way to promote network integration. The goal is to achieve the aim of reducing car travel on our motorways into congested urban areas. The Northern Way has worked closely with the Highways Agency to examine the potential benefits of strategic park and ride in Yorkshire and the Humber. The evidence shows that well located strategic park and ride sites can help relieve motorway congestion. Our concept is that Strategic Park and Ride sites could:
- cater for multiple destinations, which could be in the same city region, different city regions or outside the North. An example would be a Parkway railway station where rail provides services to several destinations;
 - and/or cater for multiple modes, e.g. bus and light rail, again serving a range of destinations;
 - have direct or good access to the strategic road network; and
 - potentially, provide facilities for 'reverse' park and ride - that is for public transport users to be able to use roads for the rest of their journey (for example, by providing car hire or cycle rental for rail passengers).
- 7.5 The Northern Way's evidence is that smarter travel choices and network integration create the potential for financial savings to businesses and individuals as well as decongestion benefits. Our evidence also identifies the barriers to more widespread implementation and what has to be done to overcome them. Smarter travel choices and

¹ <http://www.yorcard.co.uk/pilot/default.aspx>



network integration measures are a key part of any attempt at a joined-up strategy for transport in the North.

7.6 The challenge ahead for the North is to:

- Build from the opportunities offered by the Government's commitment to the roll out of smart ticketing across the country.
- Look for opportunities to promote further network integration, for example by promoting strategic park & ride.
- Make best use of smarter choices interventions to support productivity growth.

Key Documents – Network Integration & Smarter Choices

Productivity Benefits from Smartcards (September 2006)

The Role and Productivity Benefits of Smarter Travel Choices: A Discussion Paper (October 2008)

Smarter Travel Choices Regional Workshops Report (May 2009)

8 Strategic Gap: Rail Rolling Stock & Freight

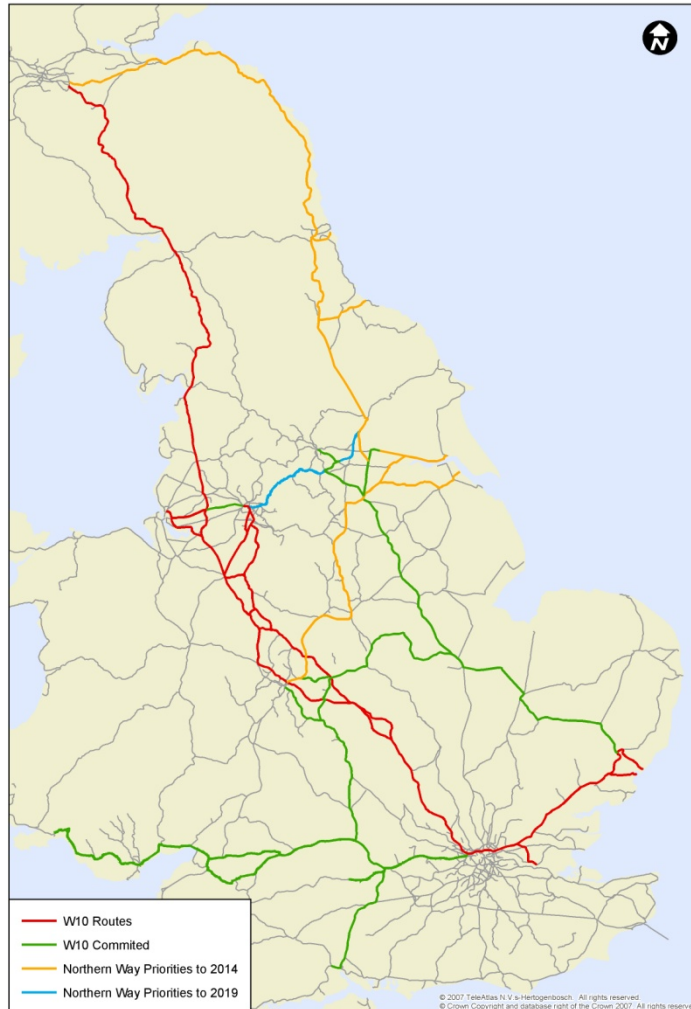
Railway Rolling Stock

- 8.1 Rail use in the North has been growing faster than the national average resulting in significant on-train overcrowding on peak commuter services, on the trans-Pennine routes throughout the day and on inter-city services. One of the immediate challenges for the North's rail network is the provision of quality rail rolling stock that allows this growth in demand to be accommodated. It is crucial to the North's economic growth that additional carriages are allocated to relieve overcrowding.
- 8.2 The committed plans to electrify the lines in the North West between Manchester and Liverpool, Liverpool and Preston and Manchester and Preston will result in the introduction of electric rolling stock, which will increase train capacity, improve reliability and facilitate journey time reductions through improved performance. The March 2011 announcement of the Government's approval of the Inter City Express Programme will result in new trains for East Coast Main Line services. Additional carriages will be introduced as part of the next franchise for West Coast inter-city services. It remains the case, however, that much of the North is served by some of the oldest rolling stock on the national network and many peak services serving the North's city regions experience on-train crowding. As yet it remains unclear how much additional rolling stock will become available to the North as a result of the Government's rolling stock plans for the 2009-2014 rail spending control period.
- 8.3 Government has set out its intention that future rail franchises will play a greater role in the specification and procurement of new rolling stock. The Trans Pennine and Northern franchises are due to be re-let in 2012 and 2013 respectively. A key challenge for the North will be for the specification of these two franchises to deliver the additional rail capacity that the North requires.

Freight

- 8.4 The Northern Way Transport Compact has identified the lack of physical capability of the rail network to cater for the latest generation maritime containers on standard wagons as a constraint to the growth of the North's ports. Enhancing the capability of the rail network to address this connectivity gap requires 'gauge clearance' work on the existing rail lines.
- 8.5 Delivering gauge cleared rail access to the North's major ports has been a priority for the Northern Way. The Northern Way has co-funded the delivery of gauge enhanced access for the Port of Liverpool to markets served by the West Coast Main Line. Working with Network Rail, the Northern Way has secured the gauge clearance of the East Coast Main Line as far as Edinburgh and Glasgow, a gauge cleared route between Yorkshire and Humber and the East and West Midlands, and gauge cleared access to the ports on the Tyne and Tees estuaries. This network will be in place by the end of Control Period 4 (2014).

- 
- 8.6 A gauge cleared route across the Pennines will be unresolved however, as will gauge cleared access to the Humber ports. The Northern Way's work with Network Rail has included the development of detailed designs and costs of the work that needs to be done to gauge enhance the routes between the Ports of Hull and Immingham to the East Coast Main Line. This is available to partners on the Humber for consideration for potential future applications the Government's Regional Growth Fund. The Northern Way's earlier work has also established the outline costs of gauge enhancement between York and Leeds and Manchester.
- 8.7 The key challenges for the North will be to secure gauge enhancement to the Humber ports as well as address the as yet unresolved issue of gauge clearance of a trans-Pennine route.



Key Documents – Freight

Market Demand for Rail Gauge Enhancements (October 2007)

9 Strategic Gap: Ports & Airports

Ports

- 9.1 The North's ports are national assets and important drivers of the North's economy. The port complex at Grimsby and Immingham on the Humber caters for more freight than any other port in the country. The ports on the Tees and Mersey estuaries are the third and seventh largest ports in the country. Collectively the North's ports handle around a third of UK port traffic.
- 9.2 Throughout the decade leading to the start of the recession, the North's ports grew their share of the national market, taking advantage of land available for expansion, a northward shift in the distribution industry and relatively uncongested transport links. However, the Northern Way Transport Compact has identified that the capacity and capability of transport networks provide a constraint on their growth, especially in the growing container market.
- 9.3 The delivery of a gauge cleared rail network that will allow the carriage of the latest generation of inter-modal containers between the North and the Midland and the South, as well as Scotland and which will serve the Mersey, Tyne and Tees estuaries will substantially address the constraints on the rail network. As well as benefitting northern ports this network will also enhance the connectivity of inland distribution centres in the North helping drive growth in the logistics industry at inland as well as port centric locations.
- 9.4 Challenges remain, however, including the need for a trans-Pennine gauge cleared route and gauge-cleared access to the Humber ports. Road access to the Port of Liverpool and to the ports on the north and south Humber banks remains an unresolved issue. The Government's proposals for a national lorry road user charging scheme not only have the potential to affect the relative attractiveness of road and rail transport to and from ports, but also the potential to increase traffic through the North's ports through the growth of short sea shipping for distributing goods from the 'hub' ports on the South Coast and near Continent.

Airports

- 9.5 The North has eight international airports. As well as providing direct links to international markets, the North's airports are major employers in the own right and support significant downstream economic activity.
- 9.6 Manchester Airport is the country's largest gateway airport outside the South East. It caters for more passengers than all the other Northern airports combined and offers inter-continental connections. It is the North's premier international gateway. Leading up to the recession, the North's airports grew strongly. They offer extensive networks of international services to European and inter-continental destinations.

- 9.7 By progressing our transport priorities, the Northern Way has supported the North's ports and airports, working to overcome critical access constraints and to influence national policy. The Northern Hub solution will allow rail services to be enhanced to Manchester Airport and to Liverpool South Parkway, the rail gateway to Liverpool John Lennon Airport. The Northern Way's priorities for the strategic road network will contribute to improved road access to northern airports.
- 9.8 Internationally connectivity is of critical importance to the future direction of the North's economy and the challenge ahead is how this can be developed and improved over the years to come. Significantly, Durham Tees Valley and Leeds Bradford Airports have lost their links to Heathrow. Overall the North is becoming more dependent on connectivity being provided via European hubs such as Amsterdam or inter-continental hubs such as Dubai.
- 9.9 To grow the North's international connectivity, the Northern Way Transport Compact has identified the need to:
- Support the maintenance of the Heathrow links for Manchester and Newcastle;
 - Establish an aviation taxation regime that does not have a disproportionately adverse affect on Northern airports due to their use of smaller aircraft, as well as the greater elasticity to price of northern airport users (with a smaller number of business passenger and lower average income per head than in the South East);
 - Support the enhancement of existing and development of new links to non-UK aviation hubs (Amsterdam, Frankfurt and Dubai);
 - Support the development of surface access improvements to the North's airports and in particular the Northern Hub rail scheme;
 - Encourage the development of more direct air services from Northern airports;
 - Secure an aviation charging regime at Heathrow that does not discourage domestic services pending high speed rail.
- 9.10 The Northern Way's work shows that the principal public policy measure available to influence the North's international connectivity is the scale and structure of aviation taxation. In the March 2011 Budget, the Chancellor announced a consultation on the future of Air Passenger Duty. As part of this the Government has explicitly asked for views on the impact of APD on regional economies and notes that the Department for Transport's forthcoming work to develop a new Aviation Policy Framework also provides an opportunity to explore how more balanced growth and development can be promoted across the UK. The challenge for the North is now to build on the work undertaken by the Northern Way and make the case for a reformed aviation tax regime that supports the development of the North's international connectivity.



Key Documents – Ports & Airports

Evidence Based Review of the Growth Prospects of the Northern Ports (June 2006)

Evidence Based Review of the Growth Prospects of the Northern Ports – Technical Report (June 2006)

Airports, Ports & the Northern Economy (September 2008)

The Importance of Improving International Air Connectivity for the North's Economy (January 2011)

10 Building the Evidence Base

- 10.1 In parallel to taking forward the eight Strategic Delivery Gaps, a second focus of the Northern Way Transport Compact's work has been the further development of the overall Evidence Base on:
- the interactions between transport and the economy and in particular, the characteristics of transport demand in the North;
 - the development of a low-carbon transport future;
 - given the constraints on public sector investment, how the much needed enhancements to the North's transport can be funded.
- 10.2 The Northern Way's evidence shows that what is needed to foster the North's economic growth is a balanced approach that looks at the connectivity needs of travel within city regions and the links between the North's city regions. Also important are links between the North and London with its World City functions, and international connectivity via gateways within the North and elsewhere in the country. Enhancing connectivity within city regions is focused on expanding labour supply across functional labour markets. Improving the connectivity between city regions facilitates the movement of goods, business to business links and allows the expansion of labour markets, most notably for entrepreneurial high level skills. International connectivity facilitates trade.
- 10.3 Importantly, our *Transport Demand in the North* report shows key differences between the North and the South. Our work has shown that travel patterns in the North are more sustainable than in the South. Car trips are shorter, bus use is higher and rail use is growing (and continued to grow during the recession). However, in the years leading up to the recession, transport demand in the North grew more strongly than in the South. Every percentage point of economic growth in the North led to transport demand growing more strongly in the North when compared with the South. In the period of recession that followed, indications are that demand also fell away more in the North. In short, the North has a higher elasticity of transport demand than the South. Car trips are getting longer, rail trips are growing in number while bus use is now declining again.
- 10.4 Our evidence building work has also led the Northern Way to conclude that there are no grounds to suggest that prioritising on the basis of either conventional cost benefit appraisal or on the basis of emerging techniques to look at Gross Value Added (GVA) benefits per pound would favour the South over the North. Well specified transport investments in the North have equal if not greater potential to deliver either conventional economic benefits or GVA benefits per pound invested when compared with investments in the South East.
- 10.5 The Northern Way's evidence building work has been used to inform the work related to the strategic delivery gaps, as well as underpin the Northern Way's responses to national consultation exercises.



Key Documents – the Evidence Base

Transport & the Economy

Agglomeration Simulation (November 2006)

Model Development and Results for Northern Way using the South & West Yorkshire Dynamic Model (December 2006)

Strengthening the Assessment of Transport's Wider Impacts on the Economy (October 2009)

Review of Methodologies to Assess Transport's Impacts on the Size of the Economy (September 2010)

Transport's Impacts on the Size of the Economy (September 2010)

A Review of the Report by London First - Greater Returns: Transport Priorities for Economic Growth (September 2010)

Transport Demand in the North

Transport Demand in the North (March 2010)

Transport Demand in the North: Impact of the Recession (September 2010)

Financing Transport

Review of Transport Funding Options (January 2010)

Low Carbon Futures

Low Carbon Transport Futures: Implications for the Northern Way (January 2010)

Other

Northern Way Framework for Identifying Transport Priorities of Pan Northern Economic Significance (February 2006)

Integrated Transport Authority Research (May 2009)

11 Consultation Responses

- 11.1 A focus of Northern Way activity has been responding to Government and transport industry consultations, as well as calls for evidence from the House of Commons Transport Committee.
- 11.2 Each of these submissions has built on the foundations of the *Northern Way Growth Strategy*, the *Strategic Direction for Transport* and the *Short, Medium and Long Term Transport Priorities*, as well as the Northern Way's work on the strategic delivery gaps and building the evidential base on the interaction of transport and the economy.
- 11.3 Through making consultation responses, the Northern Way has influenced the policies and programmes of government departments, government agencies and the national delivery agencies. Consultation responses have added value to the Northern Way's overall transport work programme.
- 11.4 Since 2005, the Northern Way has submitted consultation responses to:
- Seventeen Department for Transport consultation exercises including ones related to aviation, ports, rail and buses as well as wider transport policy.
 - Nine Network Rail consultations, mostly related to its Route Utilisation Strategy work.
 - Eight other consultation exercises, including ones from the Treasury on Aviation duty and the European Commission.
- 11.5 In addition, the Northern Way has made submissions to six Transport Select Committee inquiries including on transport and the economy, rail, ports and aviation and has attended oral hearings of the Transport Select Committee on a number of occasions.
- 11.6 A full inventory of the Northern Way's consultation submissions is provided at Appendix B.

12 Early Win Projects

12.1 As part of its 2004 to 2008 programme the Northern Way co-funded a number of early win projects. As well as delivering productivity benefits to the North the goal for these projects was to deliver Strategic Added Value. An evaluation of the Early Win projects has been undertaken which has identified substantial evidence that the schemes would not have taken place without the Northern Way's involvement, or that their implementation was significantly brought forward or enhanced by the Northern Way's involvement. In addition, the Northern Way's support for the Early Win projects has contributed to the strategic case for the Northern Way's transport priorities.

12.2 The Early Win Projects are:

- The reinstatement of the Olive Mount Chord and gauge enhancement of the Runcorn route to the West Coast Main Line (WCML). This project has improved the rail access of the Port of Liverpool. The Olive Mount Chord project also helped secure a related Productivity TIF-funded project adding a gauge-cleared route to the WCML via Earlestown. The Northern Way Olive Mount Chord project became available for use on 14th December 2008.
- Capacity enhancements on the Hull Docks Branch Line. The enhanced line opened in May 2008 and increased capacity from a possible 8 to 22 trains per day in each direction. The Hull Docks Branch Line scheme also helped secure a wider Productivity TIF-funded package of enhancements to rail access to the Humber ports including those on the south bank of the Humber.
- The construction of a third platform at Manchester Airport railway station. As well as increasing the capacity of the station, the new platform also allows greater operational flexibility. The third platform opened for business on 4th December 2008.
- The first motorway car share lane in the country at the junction of the M62/M606 in West Yorkshire. This was opened in March 2008.

12.3 The Northern Way has also used capital funding to advance the case for gauge enhancements and the Northern Hub and in support of the Yorcard pilot smartcard project.

Key Documents – Early Win Projects Evaluation

Ex Post Evaluation of Transport Schemes (June 2010)

13 Future Challenges Facing the North

- 13.1 The Coalition Government's programme will see decisions over the next three years significant to the North on investment in the classic rail network, high speed rail and the strategic road network, as well as the development of a new aviation policy.

Classic Rail

- 13.2 While the additional rolling stock for the North that was announced by the Government in December 2010 and March 2011 is welcome, the volume will not be sufficient to address the needs of a growing northern economy. The Government has indicated that it would like future franchisees to take a greater role in the specification and procurement of rolling stock.
- 13.3 The Department for Transport is now consulting on the Inter City West Coast franchise and it has pre-qualified franchise bidders. During 2011 a way forward will be developed for other key franchises serving the North: Inter City East Coast, Trans Pennine and Northern.
- 13.4 Sir Roy McNulty has been asked by the Government to look at the costs of railway services in this country and how these can be reduced. He is due to report in April 2011. His Interim Report has indicated that he will recommend that the five-year funding cycle will remain, but it should be anticipated that there will be structural reform of the rail industry. His Interim Report also highlighted the high level of subsidy enjoyed by local rail services in the North and it would be prudent to assume recommendations will be made with a goal to reduce this. The Department for Transport will set out its proposals for rail industry reform in November.
- 13.5 Network Rail's Initial Strategic Business Plan will also be published in the latter half of 2011. This will inform the Department for Transport's High Level Output Statement (HLOS) for Control Period 5 (2014-2019). It should be anticipated that the Department for Transport will have developed its initial views on HLOS by the end of 2011.
- 13.6 Summer 2012 will see the Department for Transport publish the High Level Output Statement (HLOS) and Statement of Funds Available (SOFA) for Control Period 5 (2014-19). The Department will set out key capital investments as well as the overall funding envelope for the railway. The 2012 HLOS will be the vehicle to secure funding for the Northern Hub and other rail investments for the North for implementation by 2019.
- 13.7 For classic rail the key goals for the North should be to:
- Secure the most beneficial settlement possible for the North in the 2012 High Level Output Statement. This includes securing the Northern Hub investment, but also investment in the East Coast and Midland Main Lines.
 - Progress the case for trans-Pennine electrification and gauge enhancement, to build on the opportunities offered by committed electrification in the North West, the

Northern Hub solution and the network of gauge enhanced routes that will be in place by 2014.

- Engage with the on-going consideration of industry reform to ensure that future structures meet the North's economic needs.
- Engage with on-going consideration of future franchising to ensure that they meet the North's economic needs.
- Secure investment in rolling stock.

High Speed Rail

13.8 Government launched its consultation on High Speed Rail on 28th February 2011 with the consultation concluding on 29th July. It will be important that the North makes a strong, coherent and united case for High Speed Rail to counterbalance the inevitable opposition that will come from the line of the HS2 route between London and the West Midlands. Beyond the current consultation, further work will be needed by the North to secure the consensus as well as to make an evidence-based case to future consultations to ensure the delivery of the proposed Y shaped network.

13.9 Government will publish its High Speed Rail strategy at the end of the year. Throughout 2012 and 2013 development work will then continue on the HS2 proposal as well as the routes to Leeds and Manchester and connections into the East and West Coast Main Lines. Formal consultation on the high speed routes to Manchester and Leeds will start in early 2014. At the pan-northern level, the need for work should be anticipated to maintain the Northern consensus, secure timely delivery of HS2, as well as address key questions surrounding high speed rail implementation in the North.

Strategic Road Network

13.10 The Department for Transport response to the Spending Review has set out investment plans until 2014/15, but beyond this the direction of long term strategy is unclear. It is understood that alongside the rail High Level Output Statement (HLOS), the Department for Transport intends to set out future expenditure plans (to 2019) for the Strategic Road Network. Department for Transport is planning to introduce a lorry road user charging scheme by April 2014.

13.11 Key goals for the North should be to:

- Secure the most beneficial settlement possible for the North in the 2012 settlement and focussed on the outstanding priorities identified in Chapter 6.
- Engage with the on-going development of the lorry road user charging regime to ensure that this meets the North's economic needs and sustainable freight distribution.

Aviation Policy

- 13.12 Improving the North's international connectivity will be an important contribution to growing the North's economy. Government is working towards a new aviation policy for formal consultation in early 2012. A scoping document for this inviting stakeholder feedback was published by the Department for Transport on 30th March. Recent Northern Way evidence to inform the Government's thinking shows that at present there are a number of factors that are working against the goal of improving the North's air connectivity. The development of a new policy offers an opportunity to seek to mitigate these.
- 13.13 A key goal for the North should be to seek to influence the development of the Government's aviation white paper and facilitate the role that regional airports will need to play in supporting the North's future economic growth.

Ports & Shipping

- 13.14 The introduction of a north-south gauge cleared rail networks on both sides of the Pennines by 2014 creates further opportunities for the development of Northern ports. However, trans-Pennine rail links for multi-modal containers remain unresolved. Road access to the north and south Humber banks as well as to the Port of Liverpool remains to be addressed. A further issue is the gauge clearance of routes to the Humber ports. The Government's proposals for a national lorry road user charging scheme not only have the potential to affect the relative attractiveness of road and rail transport to and from ports, but also the potential to increase traffic through the North's ports through the growth of short sea shipping for distributing goods from the 'hub' ports on the South Coast and near Continent.

Other Issues

- 13.15 Government has committed to introducing nation-wide smart ticketing by December 2014. This is a long standing Northern Way priority that will help support the North's economic growth

Key Issues Ahead for 2011/12

- 13.16 In summary, key issues ahead for the North are:
- An urgent task in 2011 to look at the value of train services in the North (which will come under scrutiny to an unknown extent in McNulty) and to make the case that investment can drive efficiencies.
 - Northern Hub - securing funding support for delivery in full by 2019 and linked to it, the case for trans-Pennine electrification and gauge enhancement.
 - High Speed Rail – to retain and develop a Northern consensus around the Government's proposals for a Y-shaped high speed rail network. The aim here should be to ensure that there is a balanced beneficial outcome east and west; and



to secure interim investment in the existing West Coast, East Coast and Midland Main Lines.

- Road Network - identification of measures that extend the benefits of managed motorways through wider application and integration with urban traffic control.
- Engage with the Department for Transport's Aviation policy scoping exercise to pursue a positive policy on Northern airports.
- For Ports, push for trans-Pennine gauge enhancement and solutions to road and gauge enhanced rail access to the north and south Humber Bank ports, and road access to the Port of Liverpool. And push for a national lorry road user charging scheme that supports sustainable freight distribution and the further growth of northern ports and logistics industry.

APPENDIX A: NORTHERN WAY AND OTHER RELEVANT REPORTS

Strategic Direction & Priorities

Northern Way Growth Strategy: *Moving Forward: The Northern Way* (September 2004)

Strategic Direction for Transport (March 2007)

Short, Medium and Long Term Transport Priorities (September 2007)

Short, Medium and Long Term Transport Priorities – Technical Report (September 2007)

Short, Medium and Long Term Transport Priorities – Technical Report (Appendices) (September 2007)

The Northern Way's Transport Priorities – From Strategy to Delivery (December 2008)

Meeting the Economic Challenge: Delivering the Northern Way's Transport Priorities (February 2010)

Strategic Delivery Gaps

The Northern Hub

Manchester Hub: Objectives, Options and Next Steps (August 2007)

Manchester Hub Phase 1 Study: First Stakeholder Event (September 2008)

Manchester Hub: High Level Stakeholder Consultation (September 2008)

Manchester Hub Conditional Output Statement (April 2009)

Manchester Hub Phase 1 - Transport Modelling and Benefit Assessment (April 2009)

Manchester Hub Phase 1 - Economics Study (April 2009)

Manchester Hub Rail Study (February 2010)

The Northern Hub: Transforming Rail in the North (February 2010)

Trans Pennine

Future Rail Use and the Woodhead Tunnels (October 2008)

Strengthening Economic Linkages between Leeds and Manchester: Feasibility and Implications (November 2009)

Trans Pennine Connectivity Study Working Paper 1: Analysis of Rail Demand and Future Growth (March 2010)

Trans Pennine Connectivity Study Working Paper 2: Analysis of Highways Network (March 2010)



Trans Pennine Connectivity Study Working Paper 3: The Trans Pennine Corridors & the Northern Economy (March 2010)

Trans Pennine Connectivity Study Working Paper 4: Review of Available Transport Models (March 2010)

National Networks Trans-Pennine Connectivity Study (*awaiting publication by Department for Transport*)

North South Connectivity

Agglomeration Impact of a North – South High Speed Line (November 2006)

North-South Connections (August 2007)

Transforming Our Economy and Our Connectivity: High Speed Rail for the North (September 2009)

Fast Forward: A High Speed Rail Strategy for Britain (September 2009) (*Greengauge21*)

High Speed Rail and Agglomeration Benefits (October 2009)

Issues and Evidence in Response to the Government's High Speed Rail Consultation (March 2011)

Strategic Road Network

M62 Route Action Plan (November 2006)

Existing and Future Traffic and Congestion on the North's Strategic Road Network (October 2008)

Congestion management using Intelligent Transport Systems (October 2008)

Strategic Park and Ride Review for Yorkshire and Humber Final Report (March 2009)

East Leeds Parkway Strategic Park and Ride Final Report (August 2009)

Intelligent Transport Systems Audit (October 2009)

Network Integration & Smarter Choices

Productivity Benefits from Smartcards (September 2006)

The Role and Productivity Benefits of Smarter Travel Choices: A Discussion Paper (October 2008)

Smarter Travel Choices Regional Workshops Report (May 2009)

Rolling Stock & Freight

Market Demand for Rail Gauge Enhancements (October 2007)

Ports & Airports

Evidence Based Review of the Growth Prospects of the Northern Ports (June 2006)



Airports, Ports & the Northern Economy (September 2008)

The Importance of Improving International Air Connectivity for the North's Economy (January 2011)

Building the Evidence Base

Transport & the Economy

Agglomeration Simulation (November 2006)

Model Development and Results for Northern Way using the South & West Yorkshire Dynamic Model (December 2006)

Strengthening the Assessment of Transport's Wider Impacts on the Economy (October 2009)

Review of Methodologies to Assess Transport's Impacts on the Size of the Economy (September 2010)

Transport's Impacts on the Size of the Economy (September 2010)

A Review of the Report by London First - Greater Returns: Transport Priorities for Economic Growth (September 2010)

Transport Demand in the North

Transport Demand in the North (March 2010)

Transport Demand in the North: Impact of the Recession (September 2010)

Financing Transport

Review of Transport Funding Options (January 2010)

Low Carbon Futures

Low Carbon Transport Futures: Implications for the Northern Way (January 2010)

Other

Northern Way Framework for Identifying Transport Priorities of Pan Northern Economic Significance (February 2006)

Integrated Transport Authority Research (May 2009)

Early Win Projects Evaluation

Ex Post Evaluation of Transport Schemes (June 2010)



Northern Way Programme Evaluation

The Northern Way Evaluation Plan 2008-11 (March 2009)

Evaluation of The Northern Way 2004-08: Full Report (April 2009)

Evaluation of The Northern Way 2004-08: Summary Report (April 2009)

An Evaluation of The Northern Way 2008-2011 Programme: Interim Stage Findings: Summary Report (June 2010)

An Evaluation of The Northern Way 2008 – 2011 Programme: Interim Stage Findings: Full Report (June 2010)

The Evaluation of The Northern Way 2008 – 2011: The Final Report

The Evaluation of The Northern Way 2008 – 2011: The Final Report - Summary

APPENDIX B: NORTHERN WAY CONSULTATION RESPONSES

Consultation Responses – Aviation

Office of Fair Trading: Market Study – UK Airports (August 2006)

Competition Commission: Heathrow Airport Price Caps 2008-2013 (August 2007)

Department for Transport: Adding Capacity at Heathrow Airport (February 2008)

HM Treasury: Aviation Duty (April 2008)

Aviation Duty Consultation - A Summary of Northern Airports' Responses (September 2008)

Department for Transport: Competition Commission's Market Investigation into the Airport Services Provided by BAA (December 2008)

Department for Transport: Reforming the Framework for Economic Regulation of UK Airports: Consultation Response (June 2009)

Heathrow Airport Ltd: Structure of Aeronautical Charges Proposals Consultation (September 2010)

Consultation Responses – Europe

Commission Document 279/4 - A Sustainable Future for Transport: Towards an integrated, technology-led and user friendly system (September 2009)

Future of the Trans European Networks (September 2010)

Consultation Responses – High Speed Rail

Department for Transport: Heathrow High Speed Rail Access Review [*The Mawhinney Report*] (April 2010)

Consultation Responses – Ports

Department for Transport: Ports Policy Review (September 2006)

Department for Transport: Ports Masterplan Guidance (July 2008)

Department for Transport: Ports National Policy Statement (February 2010)

Consultation Responses – Rail

Network Rail: Freight Route Utilisation Strategy (November 2006)

Network Rail: East Coast Main Line Route Utilisation Strategy (September 2007)

Office of Rail Regulation: Network Rail's Strategic Business Plan (December 2007)

Network Rail: Lancashire & Cumbria Route Utilisation Strategy (July 2008)



Network Rail: Yorkshire & Humber Route Utilisation Strategy (December 2008)

Network Rail: Network Route Utilisation Strategy Scenarios and Long Distance Forecasts (April 2009)

Network Rail: Network Route Utilisation Strategy Electrification Strategy (July 2009)

Network Rail: East Midlands Route Utilisation Strategy (November 2009)

Department for Transport: Better Rail Stations (January 2010)

Department for Transport: Inter City East Coast Franchise (March 2010)

Department for Transport Reforming Rail Franchising (October 2010)

Network Rail: East Coast Main Line 2016 Capacity Review (November 2010)

Network Rail: Northern Route Utilisation Strategy (January 2011)

Consultation Responses – Other

Department for Transport: Regional Funding Allocations – Developing the Process (October 2006)

Department for Transport: Planning and the Strategic Road Network and Guidance on Transport Assessments (October 2006)

Department for Transport: NATA Refresh (April 2008)

Department for Transport: Local Bus Service Support – Options for Reform (June 2008)

Department for Transport: Funding Transport Infrastructure for Strategically Significant Developments: A Consultation on Draft Guidelines (November 2008)

Department for Transport: Delivering a Sustainable Transport System (March 2009)

Department for Transport: Local Transport Plan 3 Guidance (April 2009)

Department for Transport: Developing a Strategy for Integrated and Smart Ticketing (November 2009)

Transport Select Committee

Freight Transport Inquiry (October 2007)

Rail White Paper (October 2007)

The Future of Aviation (February 2009)

Priorities for Investment in the Railway (October 2009)

Ports National Policy Statement (January 2010)

Transport & the Economy (September 2010)

Transport & the Economy – First Supplementary (November 2010)

Transport & the Economy – Second Supplementary (February 2011)

APPENDIX C: NORTHERN TRANSPORT COMPACT

The Role and Remit of the Northern Way Transport Compact

The role and remit of the Northern Way Transport Compact was established at its first meeting on February 14th 2006. The following are the key points from the paper that was adopted by the Compact.

Background

The objectives of the Compact were agreed following a period of consultation with key stakeholders in the North at the October 2005 meeting of the Northern Way Steering Group and endorsed by the Northern Way Transport Compact at its first meeting.

Role of the Compact

The key role of the Compact is to act as the focal point for advising the Northern Way Steering Group about pan-northern transport investment priorities and for developing a robust, prioritised and evidence based case for transport investment linked to the closing of the £30bn output gap for submission to Government in January 2007 as part of the CSR process.

Objectives of the Northern Way Transport Compact as agreed by the Northern Way Steering Group and endorsed by the Compact at its first meeting

The Compact's primary aim is to provide advice on strategic transport issues at the pan-regional level for the North of England linked to evidence for closing the £30 billion output gap between the North and the rest of the UK in support of the Growth Strategy.

In fulfilling its primary aim the Compact will:

- Act as an advocate for the North of England on pan-regional transport issues, policies and projects which link to the closing of the output gap in order to influence Government and key agencies.
- Build the evidence base and the understanding of how transport interventions contribute to the economic growth of the North.
- Develop processes for identifying transport priorities of pan-northern economic significance in partnership with regional stakeholders and government, and make recommendations to the Steering Group.
- Foster cooperation, shared understanding and ownership of pan-regional transport issues, policies and projects within the North of England.
- Advise on, develop and support the delivery of pan-northern transport policies and projects that help close the economic gap and take account of social and environmental policies.
- Encourage the development of new and innovative funding and delivery methods

- Ensure effective linkages are made with other Northern Way Investment Priorities (including the City Region Development Programmes) in order to support and be supported by them.
- Ensure effective linkages are made with regional and local agencies and processes, particularly the arrangements in each region with direct responsibility for advice on Regional Funding Allocations and with Regional Economic and Spatial Strategies.

The role of the members of the Compact is to fulfil the objectives of the Compact. In agreeing advice and making recommendations the Transport Compact should act in the interest of the North of England and take decisions based on evidence presented and the discussions on the day.

The costs and expenses of members of the Compact are to be covered by host organisations.

The Northern Way Transport Compact agreed not to allow substitutes other than for observer members.

Establishing the Compact

Having set an initial proposition for the Compact in a discussion paper, the Northern Way undertook an informal consultation with stakeholders to assist in the development of the Compact's remit and membership. This was followed in June 2005 by a formal consultation and an analysis of responses to this.

Key Documents – Establishing the Compact

The Northern Transport Compact – Discussion Paper (February 2005)

The Northern Transport Compact Consultation Event (March 2005)

The Northern Transport Compact: A Proposal (June 2005)

Summary & Analysis of Consultation on the Northern Transport Compact Proposal (September 2005)

Schedule of Compact Meetings

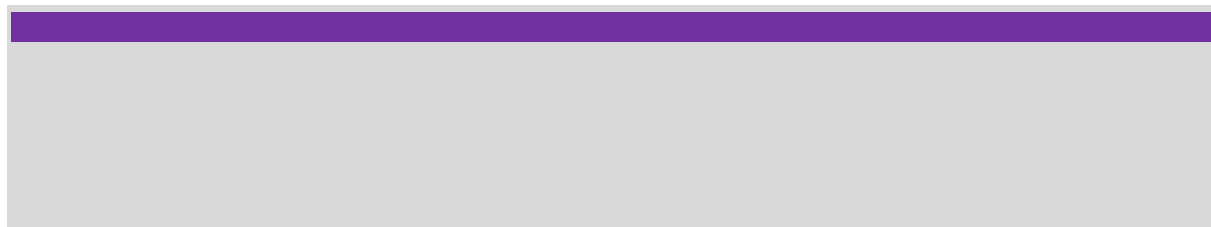
The Northern Way Transport Compact met on seventeen occasions

Meeting	Date
1	14 th February 2006
2	15 th June 2006
3	2 nd September 2006
4	20 th November 2006
5	7 th February 2007
6	13 th July 2007
7	19 th November 2007
8	17 th March 2008
9	30 th July 2008
10	18 th November 2008
11	1 st April 2009
12	24 th July 2009
13	1 st September 2009
14	29 th January 2010
15	11 th June 2010
16	5 th November 2010
17	4 th March 2011

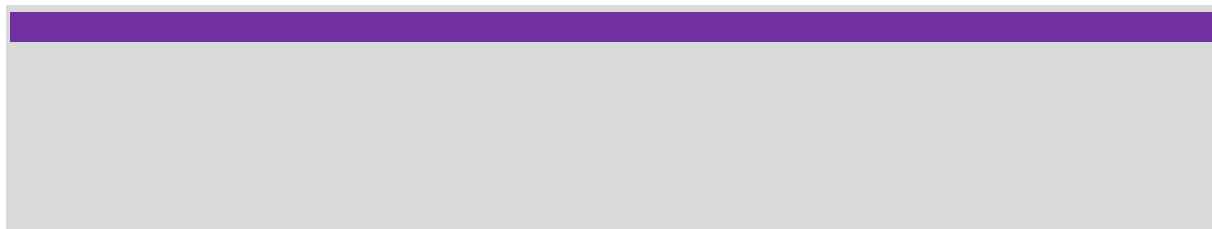
Northern Way Transport Compact Membership

The members of the Northern Way Transport Compact are set out below:

Compact Representation	Member	Roles
Chair		
- (2006-2011)	Professor David Begg	Director, Portobello Partnership Publisher, Transport Times Non Executive Director, First Group Non Executive Director, GMPTE Non Executive Director, BAA Visiting Professor, Plymouth University Formerly Chairman of Tube Lines
North West Development Agency (NWDA)		
- (2006-2007)	Cllr Dr Pauleen Lane	NWDA Board member Trafford Council Deputy Chair, English Partnerships Audit Commissioner
- (2008-2011)	Cllr Tony McDermott	NWDA Board member Halton Council (formerly Leader)
ONE North East		
- (2006-2011)	Lord John Shipley	ONE NorthEast Board member Member of the House of Lords Formerly Leader of Newcastle City Council
Yorkshire Forward		
- (2006-2011)	Cllr Kath Pinnock	Yorkshire Forward Board member Kirklees Council (formerly Leader)
North West Regional Assembly (NWRA)/North West Leadership Board		
- (2006)	Brian Simpson	North West Rail Campaign
- (2006- 2007)	Cllr Tony McDermott	Chair, NWRA Transport Committee

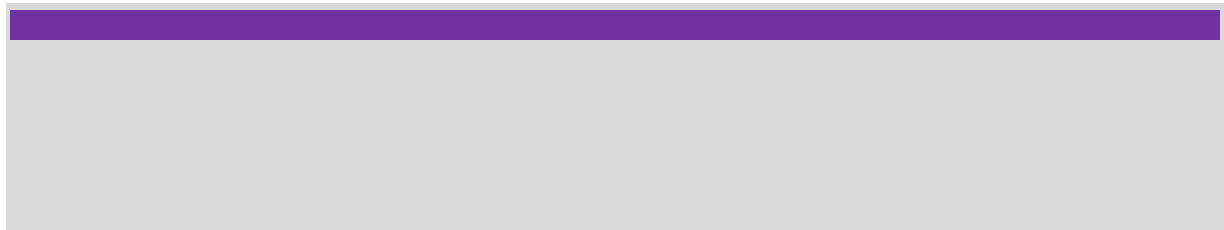


-	(2008-2011)	Cllr Ronnie Round	Leader, Halton Council Leader, Knowsley Council North West Leadership Board Chair, 4NW Regional Transport Group
North East Assembly/Association of North East Councils (ANEC)			
-	(2006-2009)	Cllr David Budd	Middlesbrough Council North East Regional Transport Board
-	(2009-2011)	Mayor Linda Arkley	Elected Mayor of North Tyneside Council ANEC member
Yorkshire & Humber Assembly/Local Government Yorkshire & Humber			
-	(2006)	Cllr Steve Galloway	Chair, YH Regional Transport Board Leader, York City Council
-	(2007)	Chris Glen	Chair, YH Regional Transport Board Federation of Small Business
-	(2008-2011)	Cllr Mark Kirk	YH Regional Transport Board Chair Leader, North Lincolnshire Council Yorkshire Forward Board member
North East City Regions			
-	(2006-2009)	Mayor John Harrison	North Tyneside Council ANEC member
-	(2009-2011)	Cllr David Budd	Middlesbrough Council NE Regional Transport Board
North West City Regions			
-	(2006)	Cllr Tony McDermott	Leader, Halton Council Member of Mersey Partnership Board Member of North West Regional Transport Forum
-	(2007-2011)	Brian Simpson MEP	Member of the European Parliament Chair, European Parliament Transport and Tourism Committee



Yorkshire & Humber City Regions			
-	(2006-2007)	Cllr Jan Wilson	Leader, Sheffield City Council Yorkshire Forward Board member
-	(2007-2008)	Cllr Andy Sloan	Cabinet Member for Economy, Regeneration & Tourism, and Strategic Planning & Transport, Hull City Council
-	(2009-2011)	David Brown ²	Director General, SYPTE
North East Private Sector			
-	(2006-2011)	Alan Hall	Regional Director, EEF
North West Private Sector			
-	(2006-2009)	Dennis Mendoros	Chairman, North West Aerospace Alliance
-	(2009-2011)	Geoffrey Piper	Chief Executive, North West Business Leadership Team
Yorkshire & Humber Private Sector			
-	(2006-2011)	Mark Jefferies	Managing Director, Camel Precast
Passenger/Integrated Transport Authorities			
-	(2006-2011)	Cllr Mark Dowd	Chair, Merseyside Passenger/Integrated Transport Authority Sefton Council
Public transport user interests			
-	(2006-2007)	John Mooney	Passenger Focus
-	(2007- 2009)	David Sidebottom	Passenger Focus
-	(2009-2011)	Kerry Williamson	Passenger Focus
Government Offices			
-	(2006-2007)	Jo Lappin	Director Planning, Transport and Europe, GONW
-	(2007-2011)	Margaret Jackson	Deputy Regional Director for Economy and Strategy, GOYH

² David Brown acted as participating observer pending the filling of this vacancy



Participating Observer members		
Department for Transport		
-	(2006-2009)	Lucy Chadwick
-	(2006-2008)	Alice Baker ³
-	(2008-2009)	Jessica Bowles ⁴
-	(2010-2011)	John Dowie
-	(2010-2011)	Mike Fawcett ⁵
DfT Director of Regional and Local Delivery		
DfT Head of Regional and Local Delivery Division		
DfT Head of Regional and Local Delivery Division		
DfT Director of Regional and Local Delivery		
DfT Head of Northern Regions and Cities Delivery Division		
Highways Agency		
-	(2006)	John Bagley
Highways Agency Divisional Director, Network Strategy Division		
-	(2006-2011)	Vanessa Gilbert
Highways Agency Regional Director Network Operations		
Network Rail		
-	(2006-2011)	Richard Eccles
Network Rail Director Network Planning		
Passenger Transport Executives		
-	(2006-2011)	Kieran Preston
Director General, Metro (West Yorkshire PTE) <i>pteg</i>		

³ Substitute for Lucy Chadwick

⁴ Substitute for Lucy Chadwick

⁵ Substitute for John Dowie

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Yorkshire Forward

Victoria House,
Victoria Place, Leeds LS11 5AE
Tel: 0113 394 9600