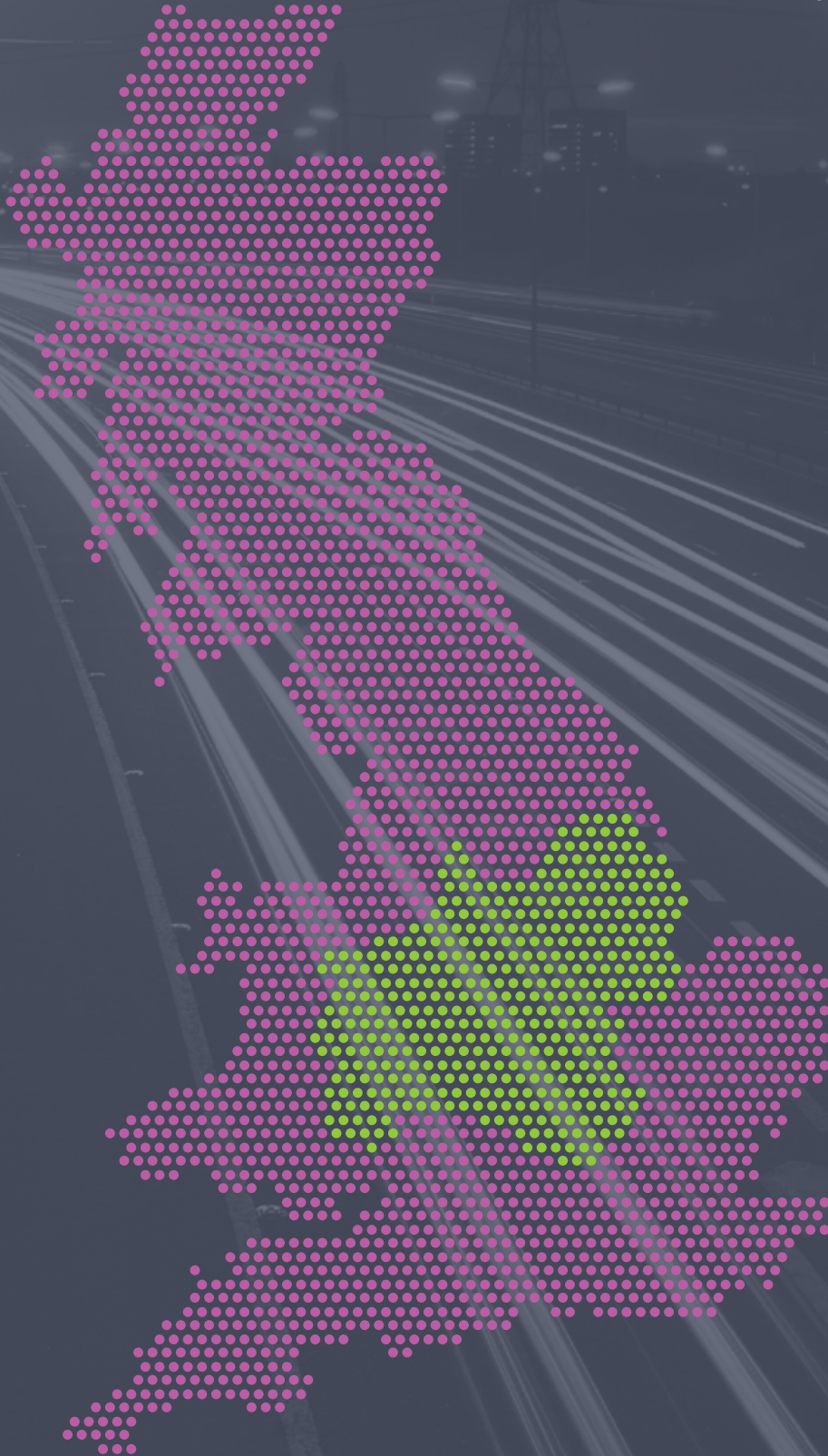


# Picking up the Pace

July 2016



**Midlands Connect**  
Powering the Midlands Engine



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# Foreword

## Picking up the Pace - Activating the Midlands Connect Strategy

We are in a global economic race. The Midlands is incredibly important to the UK's position in that race and we are determined to play our part to grow and rebalance the national economy. Within our region we need to increase competitiveness and productivity by building and supporting the Midlands Engine.

Midlands Connect is working with the Midlands Engine and beyond to make the case for delivering nationally important transport investment in our region. To do this we need an affordable, fast and direct network, delivering our people and goods where they need to be.

This report outlines the early stages of the transport strategy delivery planned for March 2017, showing how we are Picking up the Pace across these key areas in our programme:

- **Getting growth planned**
- **Getting growth started**
- **Getting growth delivered**

Midlands Connect is a team effort from both those working passionately on the project and our partners, and we therefore look to Government for their continued support to turn our ambitions into reality.

There is now real momentum building behind the Midlands Engine. Within that Midlands Connect has generated a united recognition that there is a need to transform our transport infrastructure. Never before has there been a better time to Pick up the Pace to realise our economic potential.



**Sir John Peace**

Chairman of Midlands Engine and Midlands Connect

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## Purpose of this report

Midlands Connect is powering the Midlands Engine for Growth. The Midlands' transport infrastructure, including our airports and HS2 proposals, sit at the heart of the UK's strategic transport network. We are working in partnership with Highways England, HS2 Ltd and Network Rail to focus future infrastructure needs on delivering economic growth and ensuring we maximise the opportunities that HS2 brings.

A common theme from the recent reviews, such as those undertaken by Sir Peter Hendy and Nicola Shaw, is the need to plan better for our future. With this in mind this report identifies a number of areas where development work should start now to really power the Engine....AND to be HS2 ready, maximising the economic growth opportunities that it brings.

We will further build the case for investment as we develop the Emerging and final Midlands Connect Strategy for October 2016 and March 2017 respectively. We will continue to work with Government beyond March 2017 and set out our proposals to maximise opportunities presented to us through the devolution agenda.

## Connecting places better – powering the Midlands as the UK’s Engine for Growth

The Midlands is crucial to the UK and the export economy. **We have an economy of over £240bn each year and are home to over 11.5 million people.**

Our area has played a strong role in the recovery of the UK economy - over the last year, private sector employment in the Midlands grew more than three times faster than London and the South East.<sup>1</sup>

The Partnership’s work so far has shown that transport investment could create **300,000 new jobs, improve productivity by £1.1bn per annum** and save businesses £0.5bn per annum.<sup>2</sup>

The Midlands is determined to keep pace with the global economic race; as such we need to increase competitiveness and productivity and play a leading role in **rebalancing the UK economy** by building and supporting the Midlands Engine.

The Strategic Economic Plans of Local Enterprise Partnerships (LEPs) in the Midlands suggest that three business sectors in particular will continue to play a critical role in the Midlands’ economy, with large numbers of new jobs forecast to be created. They are:

- **Business and Professional Services.** These tend to be located in city or town centres, with good access to deep labour markets. There is a particularly strong representation of business and professional services in Birmingham and Nottingham, which are the largest urban centres and act as regional hubs for business, legal, financial and technical services.
- **Manufacturing.** The Midlands has a very strong manufacturing base. Employment data shows the strong representation of manufacturing in a number of the Midlands’ towns and cities. Manufacturing activities tend to be on the edges of towns or cities, but there are also important clusters close to urban centres.
- **Logistics.** The central location of the Midlands means that the area is home to a large number of logistics companies, which tend to locate close to the strategic road network. There are also a number of intermodal terminals, where inbound containerised goods are transferred to road haulage for onwards distribution. East Midlands Airport is a strategic location for air freight and is home to the air express logistics cluster (including DHL, UPS, TNT and Royal Mail).

**These all have diverse transport needs:** efficient, reliable connections on the road network for all sectors, fast, frequent rail connections between key centres for the growing business services sector, and sufficient rail capacity for commuting into our largest cities.

Our recent business research of around 1,000 businesses has confirmed that access to **rail and road networks was the most important factor influencing decisions on business expansion.** Proximity to suppliers, clients and labour force are also in the top seven factors confirming the importance of transport in future business growth decisions.

The importance of transport is not just within the Midlands. National networks are critical to the Midlands Economy – **half of the suppliers to Midlands businesses and the majority of customers are situated elsewhere in the UK and worldwide.**<sup>3</sup>

**International gateways play a critical role** in connecting the Midlands (and wider UK) into the global economy. Within the UK, key centres across the Midlands create the foundation of the Midlands Engine as one of Europe’s most important markets, and fast, reliable connections to other major UK cities will drive growth in the wider UK economy.

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## The Midlands

Critical to national freight movements



**33%** of British heavy road freight goes to/from/through the Midlands



**4/5** main UK rail freight routes serve the Midlands

“**The evidence is clear, the transport system that binds our economy together is not reliable and unable to meet our needs. We need to plan for tomorrow, tackling both the problems of today and unlocking future growth.**”

**Andrew Cleaves**

Chair of Midlands Connect Steering Group

<sup>1</sup>Midlands Engine for Growth team

<sup>2</sup>Midlands Connect, Economic Impacts Study (2015)

<sup>3</sup>Midlands Connect Business Research (2016)

The four drivers of competitiveness in Figure 2 (access to markets, innovation networks, supply chains, labour markets) **are all directly dependent on the connectivity factors.**

With HS2 already under development Midlands Connect can build this into a wider connectivity strategy that will enable the Midlands Engine to **promote our region in terms of access to national and international markets.**

As the Midlands **continues to evolve to a knowledge-based economy,** developing connections with and between R&D institutions will become ever more important. Our universities, other research institutions and R&D activity within key sectors are a major economic asset, and facilitating effective connections between this activity and businesses will be critical to future competitiveness.

The Midlands benefits from **deep and diverse supply chains** and enabling effective connections will both improve the competitiveness of the overall economy and maximise the multiplier effects across the whole Midlands.

The Midlands is home to **a workforce of almost 4.3 million.**<sup>4</sup> We have the opportunity to become a major global economic player. However, in order to achieve our potential there is a need to improve skills and reduce worklessness in many areas, which means tackling the barriers caused by the transport network, and improving connections to growing areas. Through working closely with the Midlands Engine we can ensure we align transport investment with the supply of skilled labour.

## Headline Findings from our Business Research

As already demonstrated our business research has shown the importance of transport within the Midlands Engine for Growth. Key headlines are:

- **30% of businesses selected their location on the basis of accessibility** to the road or rail networks;
- Around **one in three businesses may consider moving** location if transport issues continue or get worse, rising to approaching one in two in the professional services sector;
- Over half of suppliers for **Midlands businesses are located elsewhere in the UK:** effective linkages to the Midlands are critical for the health of the wider UK economy;
- **59% of customers for Midlands businesses are located elsewhere in the UK,** 10% are in Europe and 13% are located elsewhere globally: the Midlands is an export-oriented economy;
- **Two thirds consider the road network to be critical or very important** to their linkages with suppliers and customers; and
- **15% consider the rail network to be critical or very important** to their linkages with suppliers and customers – reflecting the focus of the rail network in connecting businesses in key centres.

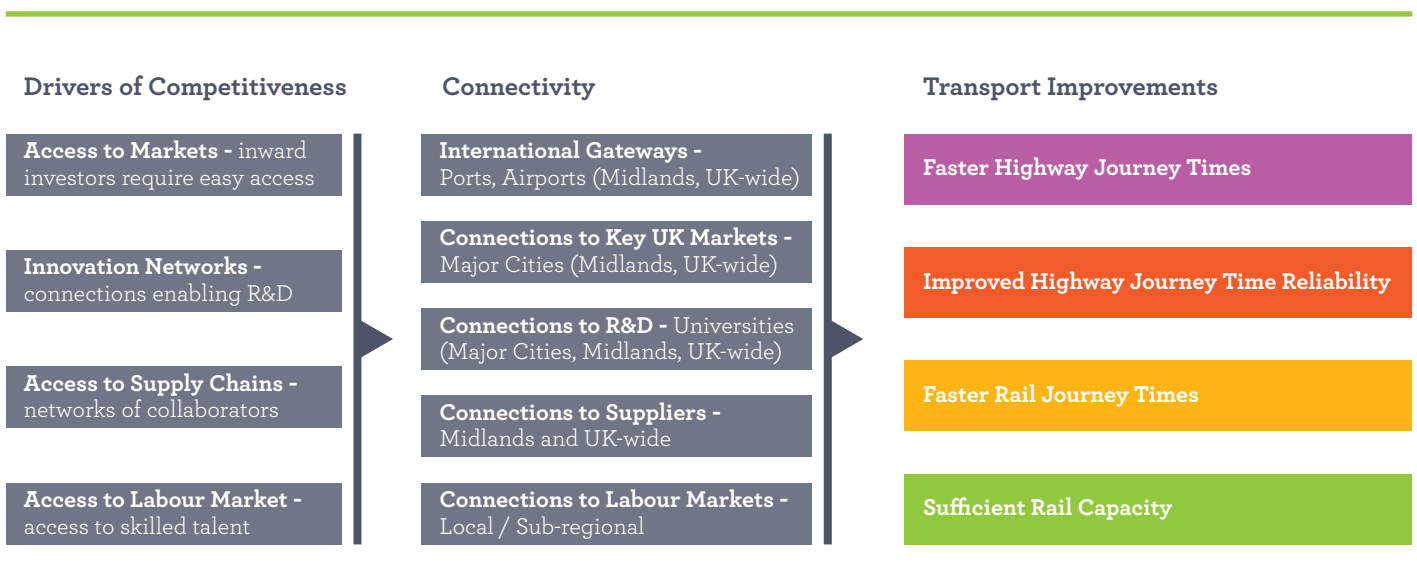


Figure 2 Midlands Engine and the Role of Improved Connectivity

<sup>4</sup>Midlands Engine for Growth Prospectus (2015)

## A National Transport Hub

A better connected Midlands means a better connected, economically stronger, UK

- A** Stoke-on-Trent and Staffordshire
- B** Nottingham and Derby
- C** Leicester and Coventry
- D** Birmingham, Solihull and Black Country



Figure 3 - Our Corridors, Hubs National and International Gateways

## Where do we need to join up?

From our work so far we have identified **six priority corridors and four economic hubs**<sup>5</sup> that we can use to drive economic growth of existing business and support the development of the key growth sites identified across the Midlands. In doing so we will be:

- Strengthening the economic performance of our four hubs by bringing economic activity closer together, widening access to labour markets, supply chains and customers; and
- Connecting the Midlands to national and international markets to help drive the competitiveness of the Midlands and wider UK economy.

## Moving to a Sub-National Transport Body

Alongside the development of our Final Strategy for March 2017 we will see the development of our proposition to become a Sub-National Transport Body. This will offer new powers and the governance required to see through the delivery of our transformational strategy. Through this body we will be able to explore the potential for new mechanisms for financing our strategy, recognising the constraints on national funding. We expect this to complement on the devolution deals already announced adding strategic value and opportunities to really transform our strategic networks to best benefit our economy. Further information on the STB will be made available as it emerges.



<sup>5</sup>Midlands Connect, Economic Impacts Study (2015)

# Background

## The Midlands is Critical to the UK's Economy

- The Midlands has an economy of over £240bn per year and accounts for 17% of all UK exports selling to over 178 countries worldwide.<sup>6</sup>
- The Midlands has a strong advanced manufacturing and engineering base which employs over 600,000 people and accounts for 22.5% of the UK's manufacturing output.<sup>7</sup>
- One in three businesses may re-locate if transport issues continue or get worse. This rises to almost one in two in the professional services sector.<sup>8</sup>
- Our work so far has shown that transport investment could create 300,000 new jobs, improve productivity by £1.1bn per annum and save businesses £0.5bn per annum.<sup>9</sup>
- The Midlands Connect Strategy will set out a programme of transformational transport investment to power the Midlands Engine, addressing this and opening up new opportunities for sustained economic growth.
- We are embedding Midlands Connect in the development of future investment programmes by both Highways England and Network Rail ensuring the potential to unlock economic growth is at the heart of decision making.
- Making the case to Government for targeted development funding will enable us to continue to advance business case and feasibility work on our key priorities from April 2017.. This will send a clear message to the market as part of the Midlands Engine for Growth offer. In doing so the UK will reap the economic rewards earlier next decade.
- The Government is committed to supporting us in creating our Sub-National Transport Body by 2018. Through this we can add value, explore new funding opportunities and truly power the Midlands Engine for Growth. The emerging Sub-National Transport Body will make delivery of our strategy happen turning our potential into national economic success.

## Working in Partnership – One Voice for the Midlands

The Midlands Connect Partnership ('the Partnership') was formed in 2014 and represents 28 local authorities, 11 Local Enterprise Partnerships, Network Rail, Highways England, airports, central government, and the business community.

Midlands Connect will **identify transport connectivity improvements to maximise long-term economic growth** in the Midlands and is underpinned by two main principles:

- Investing in the **'One Voice'** approach to ensure the Midlands reaches a unified position on strategic transport investment; and
- An **evidenced led approach** focused on clearly articulating the transport needs, opportunities and investment priorities for the region.



<sup>6</sup>Midlands Engine for Growth team  
<sup>7</sup>Midlands Engine for Growth team

<sup>8</sup>Midlands Connect business research (2016)  
<sup>9</sup>Midlands Connect, Economic Impacts Study (2015)



## The Midlands Connect Journey So Far

The Economic Impacts Study (May 2015) demonstrated the potential for transformational transport investment to create over **300,000 new jobs and save businesses £0.5bn per annum.**<sup>10</sup> The report recommended focussing transport investment across six corridors and four economic hubs.

With the £5 million allocated by the Department for Transport (DfT) Midlands Connect is now developing a transport strategy that can **realise this potential through a programme of investment up to 2043 and beyond**, truly powering the Midlands Engine.

## Developing the Midlands Connect Transport Strategy

The Midlands Connect Strategy will:

- **Develop the vision and strategy for transforming transport connectivity across the region in order to drive economic growth in the Midlands and the UK as a whole; and**
- **Set out a credible long-term transport investment strategy to support the building of the Midlands as an engine for growth.**

Figure 4 sets the high level timescale for Midlands Connect. Our Strategy will be additional to and complement the Strategic Economic Plans with the combined impact being greater than the sum of the parts.

Recognising the strain on national resources our final strategy will look beyond this to explore the potential for **new funding mechanisms** to increase the size of the funding pot available.

In this first report we focus on the opportunities of Midlands Connect as an emerging Sub-National Transport Body to become embedded in decision making for strategic rail and road investment for the next decade.

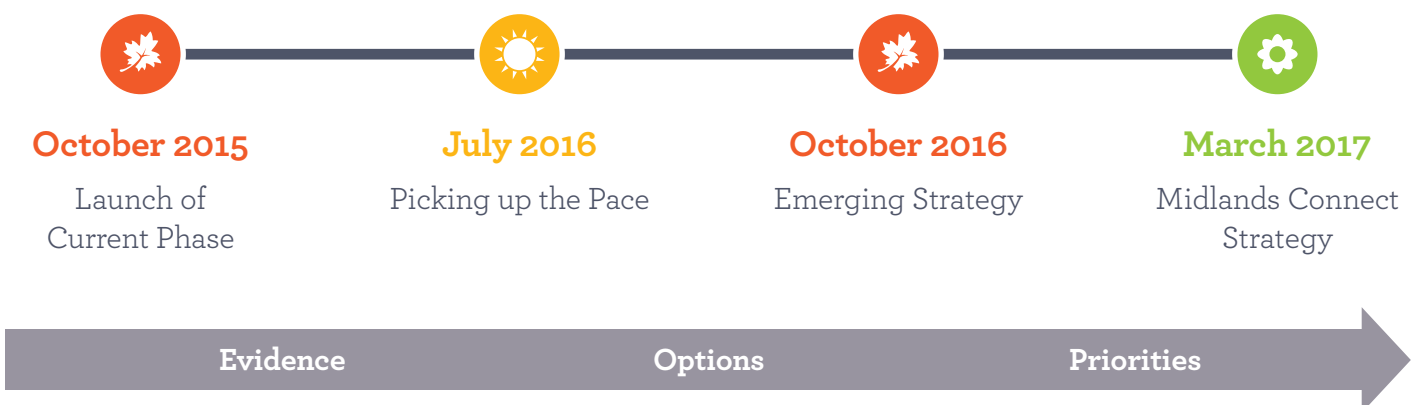


Figure 4 Strategy Development Timeline

<sup>10</sup> Midlands Connect, Economic Impacts Study (2015)

# Picking up the Pace - getting growth planned

## A new approach to planning strategic transport in the Midlands

### Maximising economic growth across the Midlands will drive future strategic transport investment

- Future investment programmes will be formed over the next 2-3 years.
- We are working in partnership with Highways England, HS2 Ltd and Network Rail to ensure that wider economic benefits are fully captured and positively influence investment decisions.
- HS2 is coming - we can enhance strategic connections and make its economic impact even stronger.
- Our final strategy in March 2017 will contain our wider programme of transformational investment required to power the Midlands.
- This programme will form the basis of strategic rail and road investment across the Midlands supporting the UK economy as a whole.

### Demonstrating Our Commitment to Partnerships

Highways England, HS2 Ltd and Network Rail recognise the importance of Midlands Connect as an emerging Sub-National Transport Body and are proactively working with us. **We have developed Memoranda of Understanding** with these organisations and have all committed additional resources to work as part of “one team”.



“ Working in partnership is key to identifying and promoting the initiatives that will transform the heart of the country’s Strategic Road Network for local users and to connect the whole country, north, south, east and west. ”

**Jim O’Sullivan**

Chief Executive, Highways England

“ Network Rail is committed to working as part of the Midlands Connect partnership to develop a strategy reflecting the importance of transport to the regional economy.

Our analysis demonstrates how rail can help the Midlands realise its full growth potential, including improving access to jobs and providing good connections between towns and cities across the region. ”

**Graham Botham**

Strategy & Planning Director,  
Network Rail

“ HS2 has the potential to transform transport connectivity in this country. Midlands Connect are showing how to turn that ambition into reality. ”

**David Higgins**

Chairman of HS2

## Influencing programmes early in their development

Over the next 2-3 years Highways England and Network Rail will be formulating their programmes of investment commencing in 2019 (rail) and 2020 (strategic roads). Midlands Connect will inform and shape their work – **adding value and not duplicating.**

We need to capitalise on **synergies with HS2 Phase 1 opening in 2026** and planning ahead to link in with HS2 Phase 2, with the link to Crewe opening in 2027 and to Leeds via East Midlands Hub opening in 2033 (at the latest).

**There is a critical window over the next 12-18 months** for Midlands Connect to influence these programmes before they are agreed with the government. Early engagement is therefore crucial.

As we embark on this together we can ensure consistent evidence, opportunities and strategic interventions that are **backed by the Midlands as a whole.** This will maximise the potential of seeing our priorities developed and delivered in the period up to 2024/25 and beyond.

For Midlands Connect to be truly beneficial we can't just stop when we complete our strategy. There will need to be further work from April 2017 to deepen understanding of the business cases and support making **informed investment decisions** for the next decade. However, at this stage we have no funding

post March 2017 to take our transport strategy forward and deliver on its objectives.

Figure 6 shows how our work programmes align and how Midlands Connect can ensure that we prioritise schemes that will deliver the biggest economic benefits for the Midlands and the UK as a whole. The diagram highlights that a lack of funding from 2017 to 2019 for Midlands Connect to develop schemes could result in a hiatus in delivery at the start of the next funding periods.

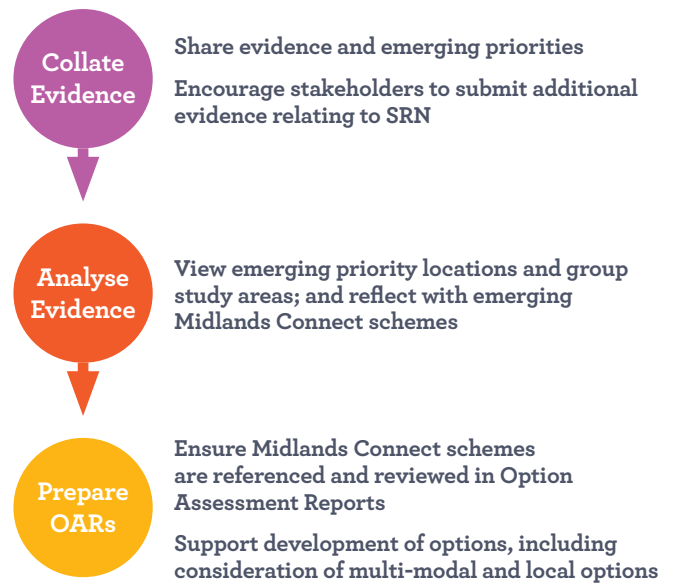


Figure 5 Integrated Route Strategy Development (Source Highways England)

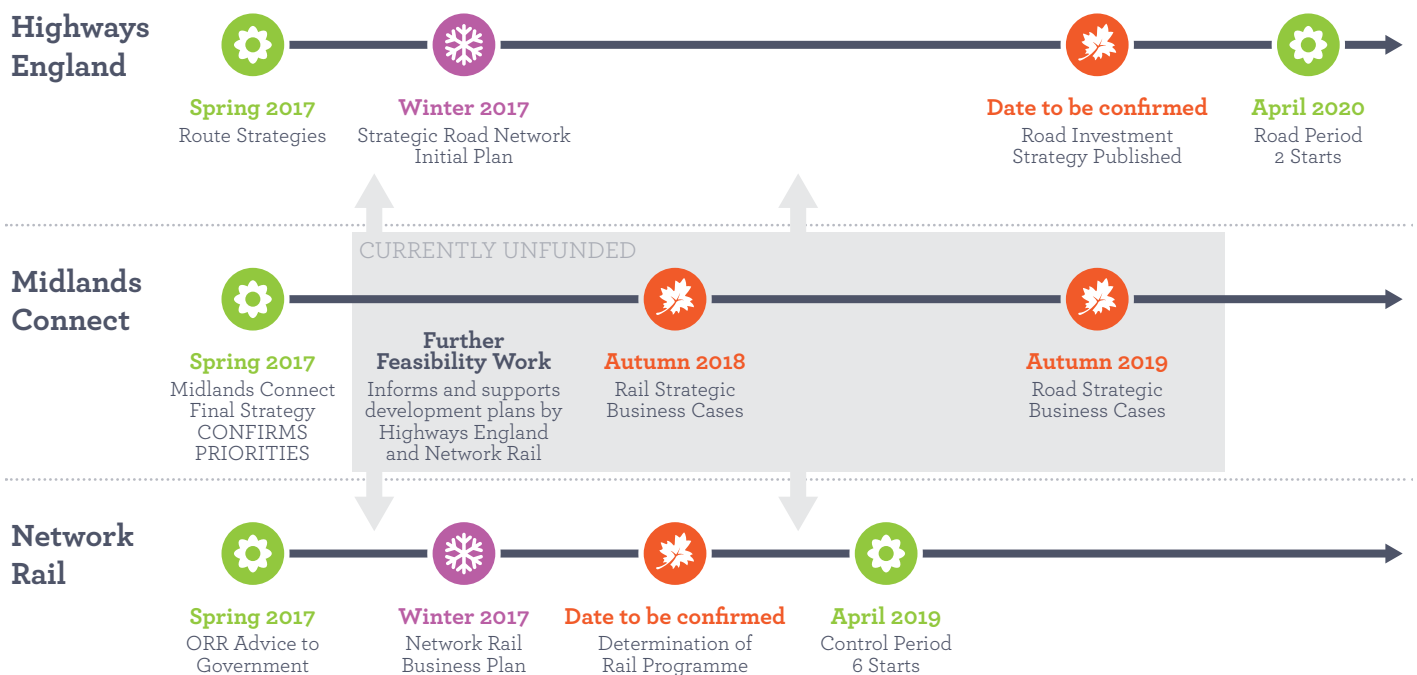


Figure 6 Highways England, Midlands Connect and Network Rail - Integrated Development Programme

# Picking up the Pace - getting growth started

## Developing Key Infrastructure

### There is a compelling case to get on with developing our priorities

- The economy will be stronger if targeted feasibility work is undertaken this decade – as part of the wider Midlands Engine offer it will stimulate the market, growing our businesses and unlocking key development sites.
- Upfront work is where we can ensure options are fully considered and the best value for money and deliverable schemes are taken forward.
- The Midlands Rail and Road Hubs are two such examples where feasibility work could enhance our understanding and deliverability of transformational investment.
- Our final strategy will set out our priorities for further feasibility work and a conveyor belt of schemes being developed and delivered over the next 30 years.

### The Importance of early Scheme Development

The single most challenging factor in determining the scale of strategic rail and road infrastructure delivery over next decade will be **the availability of funding and capacity in the industry to undertake scheme development work during the next 3 to 4 years.**

Building on outputs from the Hendy Review, accelerating development work will lead to **a more robust understanding of costs and timescales, as well as an identification of risks and opportunities.**

If schemes are taken through the early stages of development, particularly in the case of larger, more complex schemes, they are likely to commence **delivery in the first half of the next decade – capitalising on the opportunities for economic growth.**

The commitment to start taking forward the development of schemes within the context of the wider offer of the Midlands Engine for Growth **will support investment decisions** through the progression of planning consents and construction at key development sites.

### Constraints on Existing Development Funding

In its current Road Investment Strategy (published December 2014), Highways England identified four schemes in the Midlands for development during this Road Period (2015 – 2020) and delivery within the next Road Period (expected to be 2020 – 2025).



These schemes are:

- M1 Junctions 19-23A Smart Motorway
- M5/M42 Birmingham Box Smart Motorway Phase 4
- A45 Stanwick to Thrapston
- A46 Newark Northern Bypass

Midlands Connect welcomes the Government's reaffirmed commitment to these schemes in the March 2016 Budget. **We look forward to working with Highways England and seeing their detailed programmes for development and delivery for these four schemes.**

**Midlands Connect is concerned that Highways England has no funding available to develop any other schemes required to meet our medium-long term needs until the commencement of the next Road Period (i.e. April 2020) at the earliest.**

Similarly, there is no identified development funding to progress the proposals identified in the rail industry’s Route Studies until April 2019 at the earliest. **We believe there are huge advantages for us as a region and for the UK as a whole if we are able to maximise the opportunities derived from the arrival of HS2 in 2026, 2027 and 2033.** In order to meet these key dates and realise the economic potential of the Midlands Engine, we require a immediate flow of development and implementation funding to really pick up the pace in the further development of our Midlands Connect strategy.

### Potential Areas for Development Funding

Our Emerging Strategy in October 2016 will set out our immediate priorities for work from April 2017 where we will look at a much wider range of important schemes and interventions. Our Final Strategy will demonstrate how the Midlands Connect programme complements both the investment by HS2 and the local investment programmes in the SEPs – so that the whole will be greater than the sum of the parts.

Our view is that there is a risk to the delivery of sustained economic growth because of a lack of scheme development funding to keep a ‘conveyor belt’ of investment continually fed. In order to demonstrate this we have identified two specific examples that are of regional and national significance. Neither of these have any allocated development funding, nor a known timetable for when they might get such funding.

### Extra carriages needed to meet Birmingham commuter demand

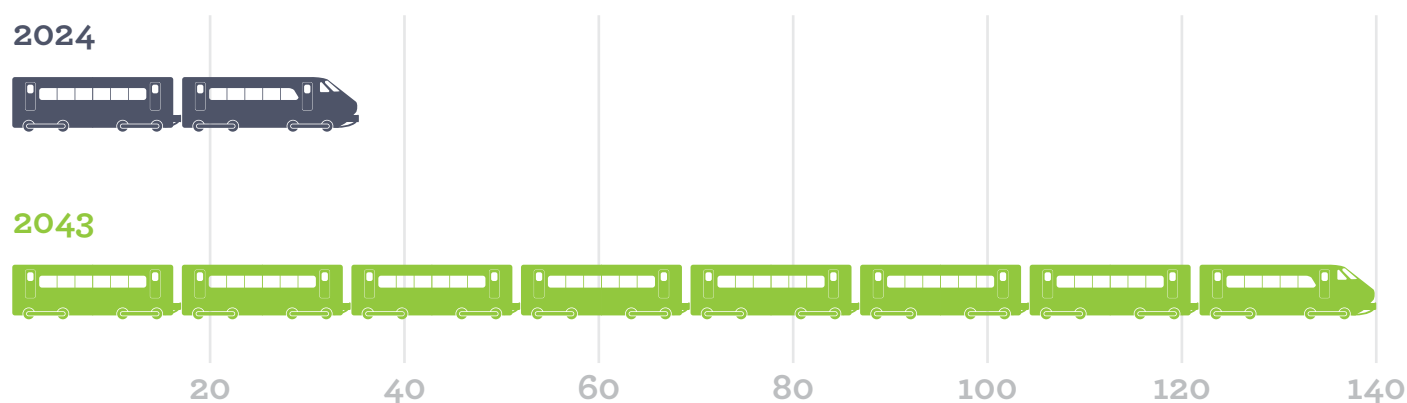


Figure 7

### Capacity to Support Growth - Midlands Rail Hub

**The Midlands Rail hub is at the heart of the regional and national network** but the ability to provide future growth is constrained by capacity both within and on the approaches to the hub.

Rail capacity and reliability plays a critical role in our economic strategy ensuring we use our **classic network and HS2 rail stations as a catalyst for growth.** Growth sites around HS2 stations will ultimately be constrained if the classic network cannot connect people to the sites and HS2.

**The current rail network is under strain.** Almost a quarter of all the professional services sector in our research have said they would be “likely” or “highly likely” to move location if transport connections are not improved. The Route Studies acknowledge that whilst longer trains may provide short term relief **significant overcrowding will occur from 2023** demonstrating the need to act now.

Figure 7 demonstrates the increase in peak hour demand that we expect in the Midlands Rail Hub up to 2043. It is clear that it is only through increasing frequencies and faster journey times that we can **provide for this passenger growth.** Without this we will struggle to get people where they need to be from the middle of next decade.

The need for improved east-west connectivity was originally highlighted through the East Midlands Route Study process. Developing potential solutions has formed part of the West Midlands and Chilterns Route Study (2016). Fundamental to enhancing this is the need to address capacity constraints and an emerging package to enhance the Midlands Rail Hub has been identified. It now needs funding to develop the business case for investment.

The Midlands Rail Hub will provide the **infrastructure to release capacity and journey time improvements** across the Midlands as a whole. Put simply, it will open up the opportunity to transform east-west connectivity across the Midlands and **lock in a wider geography of Midlands businesses and people to HS2**. From our initial work the benefits of agglomeration to existing businesses alone are estimated to be in the region of **£200m per year** and there are potentially **250,000 new jobs within 2 miles** of the rail network that this package could unlock.

This package truly benefits the whole of our region **unlocking an additional 10 train services each hour across our growth corridors linking our four economic hubs**.

Our final strategy will confirm where these additional 10 trains should connect to **maximise the economic benefits** across the Midlands and UK as a whole.

There is the potential for joint development, and potentially possession with HS2. The wider benefits of the scheme **build further on those of HS2 maximising the return to the UK economy of this transformational investment**.

**Whilst there is huge potential this package is only at a concept stage of design.** We recognise the lessons from the Hendy Review and the need to define early on a much tighter scope, funding envelope and outcomes. The next stage of work will challenge whether higher value for money could be achieved through reduced spending and phasing of implementation.

Based on our work so far we believe there is a **compelling case to provide development funding** to support thorough option development work from April 2017 for the Midlands to be ready to deliver economic growth from April 2019 onwards.

## **The Midlands Motorway Hub – Critical to the National Economy**

**The Midlands Motorway Hub lies at the heart of the regional and national network** meaning congestion affects the economy not only of the Midlands, but also the rest of the UK. It spans from the M42/M5/M6 box in the west across to the M1 in the east and M40 connecting to the south coast and south east.

Our business research has identified the **importance of national connections** with 49% of the suppliers and 59% of customers to our businesses being located outside the Midlands. **62% of our businesses see the road network as critical or very important.**

The most common problems on the road network identified by businesses were congestion and delays at key junctions such as **M6/M5, M6/M42 and M6/M54 and congestion around the Midlands Motorway Hub as a whole.**

Figure 8 is an example of the critical role of the **Midlands Motorway Hub for national freight movements**. The cost of congestion for road freight will increase three fold from 2016 to 2040 if action is not taken.<sup>11</sup>



<sup>11</sup> West Midlands Freight Movement Study (2015)

**The Motorway Hub does not currently provide the level of service that our businesses need.**

The network is fragile and lacking resilience. It suffers from huge variations in traffic flow and, as result, journey speeds are often slow and extremely variable. For example:

- There were over **6 million hours of delay** across the Midlands Motorway Hub in 2014/15.<sup>12</sup>
- This delay is an economic cost of over £80m in lost time alone to the UK economy.
- On the worst section **only 28% of all journeys were at “acceptable speeds”**<sup>13</sup> with peak hour speeds lower than 30mph.

This situation is predicted to deteriorate further due to significant growth in demand, particularly on the eastern side from the new HS2 station, UK Central development, strong passenger growth at Birmingham Airport and growth at Jaguar Land Rover.

**Planned Investment Is Welcomed**

During Road Period 1 development work has been announced for the M5/M6 junction and Smart Motorways for the southern and western sides of the Hub, for Road Period 2 delivery. This will complete Smart Motorways around the Hub. Upgrading the M40/M42 Interchange to Smart Motorway All Lane Running is also scheduled to commence delivery in Road Period 1. This investment is needed and welcomed by the Midlands Connect Partnership.

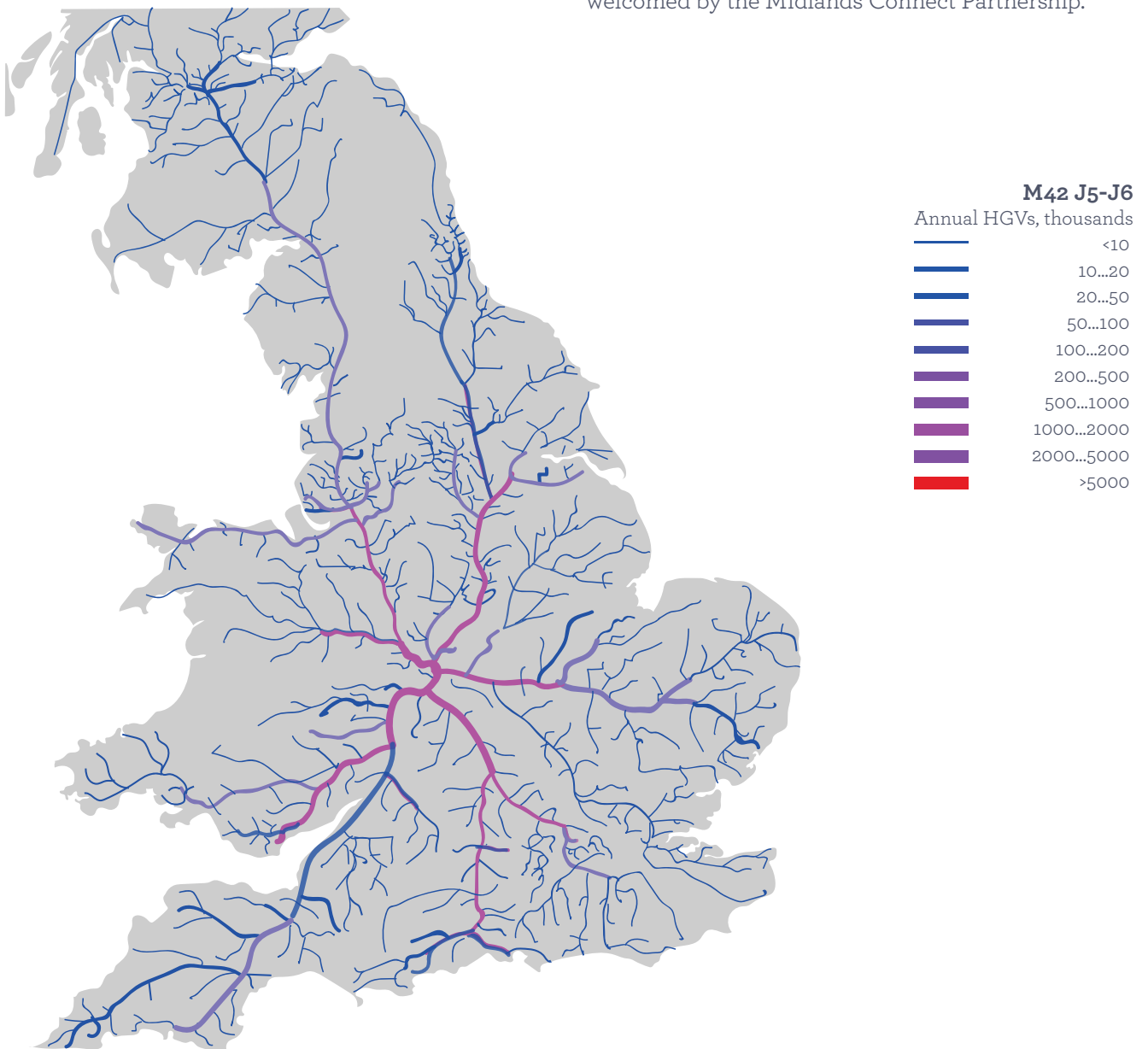


Figure 8 Freight Routes Using the M42 Junction 5-6

<sup>12</sup> Highways England HATRIS data 2014/15

<sup>13</sup> Highways England HATRIS data 2014/15. Acceptable Journeys

- Official Highways England KPI in performance specification. If a journey is faster than 3/4 of free flow speed it is defined acceptable.

## We need to Plan for the Future of the Midlands Motorway Hub

Whilst the planned investment is critically important it is clear that it is not sufficient to support longer term national economic growth. Given the scale of the Midlands Motorway Hub, its current and future congestion and the importance to the regional, national and international economy there is the need to start feasibility work on the long term options. This will also be important to inform future maintenance programmes.

There will be considerable investment in delivering the pre announced improvements and a wider view into the longer term needs of the Motorway Hub is required to ensure they are designed with the future in mind. Solutions to improving the M5/M6 junction are likely to be complex and very expensive, being on viaduct and possibly involving changes to M6 J9 due to its close proximity. A major improvement is needed as the approaches to the junction remain some of the most heavily trafficked and least reliable in the country. Smart Motorway provision on the western side of the Hub has significant issues to overcome with multiple structures requiring replacement (they already cause discontinuous hard shoulder on the M5 J3-J4).

The construction of HS2, with multiple crossings over the motorway network creates challenges and potential significant opportunities for synergies and efficiencies. The Birmingham Interchange station and associated UK Central development will significantly increase demand on an already heavily congested M42. Opportunities to work with HS2 to deliver extra capacity during the HS2 construction period need to be explored urgently.

A feasibility study would need to consider the mix of through traffic vs local/sub-regional movements, the potential role of enhanced east-west links and whether changes to existing routes could assist e.g A5, A46 or indeed if any new routes are needed. The 21km of elevated viaducts carrying the M6 and M5 motorways on the North and Western sides of the Hub are over 40 years old and will require regular heavy maintenance investment going forward, reducing network resilience.

**There is the potential to deliver over 200,000 new jobs within 10 miles of the Motorway Hub** itself and a wider network of strategic sites on our six priority growth corridors feeding in and out of the Hub.

Whilst Midlands Connect can take the work so far the scale and complexity of the Motorway Hub **merits its own investigation** if we are to understand the potential options which should be taken forward to the next stage of development.

Through our partnership working **we are ensuring that the evidence, options and the potential economic benefits of this work are fully captured**

**within the Route Strategies.** We anticipate that the route strategies process will require more detailed analysis of the Midlands Motorway Hub to fully inform the development of the Strategic Road Network Initial Report later in 2017.

Midlands Connect is currently seeking support from government to be able to undertake a technical study to inform the development of the Initial Strategic Road Network Report. Through our current programme, however, we will commence the technical work and set out the scope of what needs to happen next.

We will build on the work of the current Highways England strategic studies to ensure there is a holistic view of the Midlands in the national context that can feed into the next Road Investment Strategy.

With Highways England's Midlands Regional Transport Model becoming available later during 2016 the **strategic planning capabilities will be in place** to support such a study.

## Confirming our Immediate Priorities - Emerging Strategy October 2016

The Midlands Rail and Road hubs examples in this report are strong examples of where we need to be "Picking up the Pace" and getting on with the option development and business case work. They have been identified in light of work already undertaken by Highways England and Network Rail. It is important that we undertake early planning work to increase the understanding of the business case and improve certainty of costs.

Ultimately we want to make sure that our Midlands strategic networks really power the Engine and are truly ready for HS2. We want our approach to become HS2 ready to be celebrated and be mirrored in the rest of the UK as HS2's delivery continues to the north.

**We want our work to be an exemplar for the world...** showing the UK is really leading on the development and delivery of national infrastructure and is open for business.

With this in mind, by October we will have produced our Emerging Strategy by which point we will be clear on the immediate work required from April 2017 to capitalise on the economic potential across the Midlands.

The Emerging Strategy will effectively set out our 'ask' to government to continue to take forward the development of our priorities. Recognising the constraints on funding we will set out a clear proposition for each such case and why accelerating development work is in the interest of the Midlands and the UK as a whole.



# Picking up the Pace - getting growth delivered

## Becoming a New Sub-National Transport Body

**The creation of a Sub-National Transport Body will make delivery of our strategy happen, transforming our potential into a national economic success story**

- It is a significant opportunity for securing further devolution of powers and funding from central government.
- It is ideally placed to provide the governance and oversight of the implementation of Midlands Connect.
- It could have the financial freedom to develop new forms of financing – increasing the size of the funding envelope available.
- A proposal will be developed in tandem with Midlands Connect for submission in Spring 2017.

### Understanding the Opportunity

**Midlands Connect has an ambition to become the Sub-National Transport Body (STB)** for the Midlands. Indeed, this was announced by the Chancellor in this year's budget that we would become an STB in 2018. However, there are many decisions and processes to be followed before the scale, composition and powers of a future STB for the Midlands can be presented to Government.

Three broad topic areas are being considered as part of the process of developing a formal proposal to put to Government:

1. Re-affirming the Midlands' consensus to become an STB;
2. Setting out clear constitutional arrangements for a Midlands STB;
3. Understanding the opportunities for self-governance over funding generation and spending.

Becoming an STB could also include powers or functions (with their associated funding) which currently sit under the Secretary of State (SoS) for Transport being devolved. In the context of strategic transport this could include functions such as agreeing the Roads Investment Strategy (RIS) for the area with Highways England or setting the goals and overseeing delivery of rail franchising and rail network capital investment.

Given the strategic nature of Midlands Connect there is a clear 'fit' with the outcome that we wish to achieve through our Strategy.

**Establishing an STB is a significant opportunity to devolve powers from central government.** We believe there is the potential for the Midlands STB complement and add value to the local authorities, combined authorities and LEPs providing the strategic oversight that is important to an economic area as diverse and vast as the Midlands.



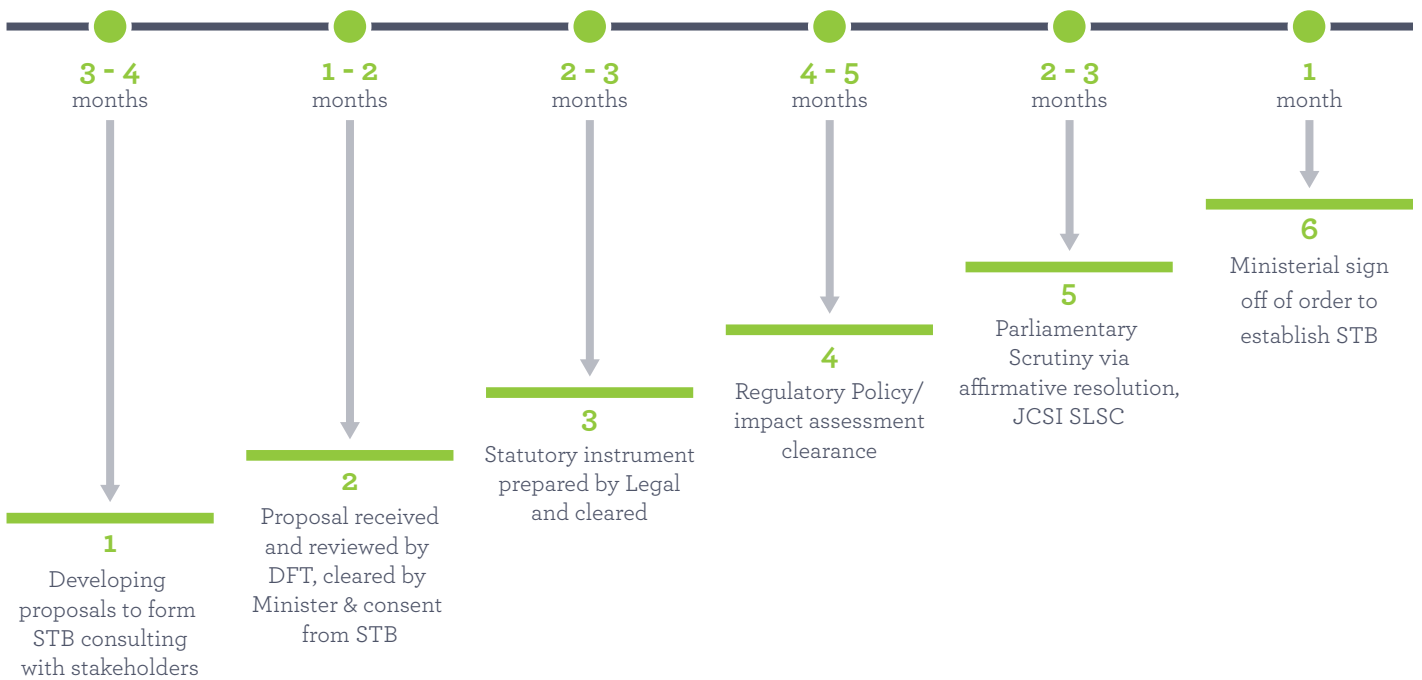
## The Potential for Financial Freedom

As part of the process of developing the Midlands Connect Strategy we will be exploring the potential to **increase the size of the funding envelope** that we have to deliver our investment programme thus powering the Midlands Engine. An STB would be ideally placed to take ownership of developing and securing new forms of financing. Such a body **can be fully accountable for the investment decisions being made** and the implementation of Midlands Connect as a whole.

## Outline Programme

The Chancellor set out a desire to see the Midlands establish an STB by spring 2018. The Department for Transport's own suggested timescale is that an STB may take between 9 and 12 months of working through statutory processes, from receipt of a proposal to a formal devolution of powers.

The goal therefore is for Midlands Connect to establish a formal proposal to government, provided the desire to become an STB is agreed upon, in March 2017; at the same time the final transport strategy is submitted.



Source: Department for Transport



# Conclusion

Since the Launch of our current phase of work in October 2015, Midlands Connect has been strengthening the case for transformational transport investment to deliver economic growth.

This report identifies the potential economic benefits we can deliver if we can get on and develop our key priorities for the next decade - powering the Midlands Engine.

Our unique position as a national transport hub means the economic benefits will flow beyond the Midlands Engine to the country as a whole.

Our purpose is clear. To turn economic potential into real growth.

Through this report we are seeking continued support from government in “picking up the pace” - in the following key areas:

## Getting Growth Planned - Picking up the Pace with a new approach in the Midlands

We are embedding Midlands Connect in the development of future investment programmes by both Highways England and Network Rail ensuring the potential to unlock economic growth is at the heart of decision making.

## Getting Growth Started - Picking up the Pace on developing key infrastructure

Making the case to Government for targeted development funding will enable us to continue to advance the business case and feasibility work on our key priorities from April 2017. This will send a clear message to the market as part of the Midlands Engine for Growth offer. In doing so the UK will reap the economic rewards earlier next decade.

## Getting Growth Delivered - Picking up the Pace on becoming a Sub-National Transport Body

The Government is committed to supporting us in creating our Sub-National Transport Body by 2018. Through this we can add value, explore new funding opportunities and truly power the Midlands Engine for Growth. The emerging Sub-National Transport Body will make delivery of our strategy happen, turning our potential into national economic success.

### Getting Growth Planned – A new approach to planning strategic transport

Midlands Connect as an emerging Sub-National Transport Body has the full support of Highways England, HS2 Ltd and Network Rail to work in partnership. Midlands Connect is now **embedded within the process of developing road and rail investment programmes** as set out in this report.

As a full partner in the process we can ensure that our strategic priorities are fully aligned to provide one clear voice on what is needed to **realise the economic potential of the Midlands**.

In this report we have set out how we intend to do this and **we welcome the support of Highways England, HS2 Ltd and Network Rail** and their commitment to partnership working.

### Getting Growth Started – Picking up the Pace on developing key infrastructure

Our strategy will set out the need for complex, **transformational investment that power the Midlands Engine for Growth**. It will capitalise on the opportunity presented by HS2, further maximising the benefits to the UK as whole. This investment will help rebalance the UK economy and draw in additional investment to the UK as a whole – both in the Midlands and through the capacity it can release in the South East.

Critical to supporting the Midlands Engine will be the commitment to take forward the early stages of business case and feasibility work on the schemes that unlock key development sites and boost business growth.

We are clear that development of such schemes should not be rushed. We are clear that development of such schemes should not be rushed. We need to learn from the Hendy Review ensuring **sufficient upfront effort to understand options, deliverability and costs.**

Recognising constraints on national funding we will **carefully prioritise to ensure only what is critical is being promoted over the next 2-3 years.** The two examples set out in this report would require around £5-6m development funding across a partnership area of 28 local authorities – so only around 50p per head of population. However, these are just two examples of where we believe there are regionally and nationally important interventions which have no funding allocated to move them through the process of: investigation, business case, detailed design and delivery. We need the funding to ensure that we have a continual conveyor belt of schemes moving through this process; or run the risk of significant delays in our infrastructure delivery. This in turn will harm our economic growth prospects.

Our Emerging Strategy will identify **our priorities for development funding from April 2017.**

We are working closely with the Department for Transport to ensure we provide **a robust justification and business case work for all our immediate priorities.**

We will explore between now and the autumn if we can identify and draw in match funding to support these priorities.

## Getting Growth Delivered – Picking up the Pace on becoming a Sub-National Transport Body

The government is committed to supporting the creation of a Sub-National Transport Body by 2018.

Such a body for the Midlands could **provide the strategic powers and financial flexibility** to deliver the right solutions to support our economy. This body would complement the Local Enterprise Partnerships and the local authorities, including the newly created combined authorities focussing on the regional and national strategic networks. Such a body could be given the financial flexibility to develop new funding mechanisms to increase the intensity and speed of delivery and the associated economic benefits.

Whilst we are at an early stage of developing a Sub-National Transport Body its potential importance with devolved powers and strategic focus to deliver our strategy is recognised across the Partnership. Our proposal next year will demonstrate how this body, if approved, could form a crucial part of the future economic growth story in the Midlands.

## Midlands Connect

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