Midlands Connect
Transport | Investment | Growth

Douglas Oakervee
Chair of the Oakervee Review
Department for Transport
Great Minster House
33 Horseferry Road
London SW1P 4DR

Midlands Connect
16 Summer Lane
Birmingham
B19 3SD

MCadmin@midlandsconnect.uk
0121 214 7119

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Dear Mr Oakervee,

Thank you for your letter dated 21st August 2019, inviting Midlands Connect to submit evidence to your review into High Speed Two (HS2). As the Sub-national Transport Body for the Midlands, Midlands Connect is committed to submitting robust and compelling evidence that will inform the endeavour your team is undertaking. This letter and the accompanying documents complement and align with the submissions made by our partners at the West Midlands Combined Authority, East Midlands Councils and the Constellation Partnership.

Attached/enclosed are summary reports and business cases for the projects and initiatives mentioned in this letter. **You will notice the vast majority have only been released in the last few months, making them "new evidence" which is unlikely to have previously been considered by yourself or other members of the review panel.**

In addition to these attachments, please allow me to highlight the following:

- Evidence underlines HS2's unparalleled ability to rebalance the UK economy and drive increased productivity, investment and social mobility across the country.
- There is strong agreement and unity of purpose between Midlands Connect, Transport for West Midlands, East Midlands Councils and the Constellation Partnership around the case for the expeditious delivery of all stages of HS2.
- The eastern leg of HS2 Phase 2b, serving Leeds and Sheffield via the East Midlands Hub at Toton and Chesterfield, is fundamental to improving east-west connectivity across the Midlands. This letter includes details of our plans to add an extra £1.4 billion in benefits by taking HS2 services to Nottingham and Leicester city centres.
- HS2 has already been a decade in planning. There are no alternatives either ready for implementation or able to support the Midlands' and UK's growth needs.
- Only HS2 can truly future proof our railway network for the next century, providing much-needed resilient capacity increases on local, regional and national routes.
- The benefits of HS2 have not yet been sufficiently quantified. Midlands Connect's strategic transport programme maximises and adds to the positive impacts of HS2.
- Even parts of the Midlands that will not receive direct HS2 services, like Shropshire and Worcestershire, are insistent that this investment is the right one to support jobs, housing and skills growth in their areas and beyond.
- All seven Midlands Engine Rail projects are underpinned by HS2. They use: HS2 released capacity to run; the new HS2 network itself, and they enable access to HS2 for millions of people, especially in the Midlands, south west and Wales.
- Scrapping HS2 to spend the funds on regional projects would undermine every single business case in the Midlands Engine Rail portfolio, severely setting back – rather than accelerating – the Midlands' future infrastructure pipeline.

Why do we need HS2?

The economic need

Regional inequality continues to blight the UK economy. While London's productivity is 33% above the UK average, productivity rates in the Midlands are between 8% and 15% below average[1].

HS2 supports the creation of high value jobs all over the UK. Research shows that workers in office-based industries, which contribute a high proportion of GVA to the UK economy (e.g. financial services, scientific, technological and professional services), engage in the highest rates of rail travel[2].

A recent report by the Social Mobility Commission[3] highlights the need for better connectivity to economic centres to allow people from all social backgrounds to access jobs in these professional services and other sectors. Unaffordable high rents in London and the South East mean that empowering people from all over the UK (without financial subsidy from parents/relatives) to access higher paid jobs relies on improving physical mobility into other major cities. HS2 will provide this enhanced mobility. However, rebalancing the economy and taking pressure off an overheating London and South East rental market, also necessitates that HS2 reaches all the way into the centre of the capital rather than terminating in its western outskirts.

The need for additional rail capacity

The UK's railways are full. Over the past twelve years, the number of journeys undertaken by train has more than doubled[4]. This sustained growth in passenger numbers, coupled with our continued reliance on 150-year-old Victorian railway infrastructure, has compromised network performance and our ability to meet or encourage future increases in demand, including for rail freight.

National Rail predicts that by 2043, Leicester, Derby and Nottingham will all be subject to 'significant overcrowding'.[5] Further analysis suggests that commuting by rail into Birmingham will increase by 114% by 2043.[6]

Many of our major intercity stations are full to capacity and have no more room to accommodate extra services. A lack of platform space and bottlenecks on the line or upon station approaches mean that one delay, signalling or train failure can have huge knock-on effects, further delaying and impeding the reliability of services across the whole network. These issues frustrate and discourage rail travellers every single day. Access to city and

[1]ONS: Regional and sub-regional productivity in the UK: February 2019
[2] http://www.theitc.org.uk/wp-content/uploads/2017/05/ITC-Report-Rail-Passenger-Demand-November-2018.pdf
[3]https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/798404/SMC_State_of_the_Nation_Report_2018-19.pdf
[4] https://dataportal.orr.gov.uk/media/1122/regional-rail-usage-2017-18.pdf
[5] https://cdn.networkrail.co.uk/wp-content/uploads/2016/11/East-Midlands-Route-Study.pdf
[6] http://www.westmidlandsrail.com/media/2813/west-midlands-and-chilterns-route-study-summary.pdf

town centre locations will only become more challenging given both the scale of passenger growth forecasts and pressure on urban highway networks.

However, while journey numbers are booming, rail travel is still worryingly underutilised on many long distance routes. Between the cities of Leicester and Coventry, just 1% of journeys are made by train. Only by increasing the speed, frequency, reliability and destination options of rail services can we get people out of their cars, onto trains and meet the carbon reduction targets associated with the declared climate emergency.[7]

While smaller-scale interventions such as improving existing signalling systems, widening sections of track and creating new passing places can deliver modest improvements to our regional networks, this is not a realistic long-term solution for national capacity constraints. Alternative upgrades on existing lines such as the West Coast Main Line would require 14 years' worth of weekend closures[8], and would prove hugely expensive and disruptive due to the proximity of existing settlements.

HS2 will help us address the climate emergency and make the UK a carbon neutral economy

There is a large carbon saving associated with the operation of HS2. Over the first 60 years of operation, HS2 is estimated to reduce carbon emissions by over 6 million tonnes[9] once modal shift, carbon mitigation from tree planting and freight benefits from released capacity on the classic network are taken into account.

There is also a wider benefit associated with HS2's increase in the total carrying capacity of the UK rail transport system. This significant passenger capacity improvement, combined with the new high speed network's ability to draw power from an increasingly decarbonised National Grid, means that HS2 would be one of the most effective low carbon transport solutions for travel between our major economic centres.[10]

The capacity HS2 releases on the existing network will also allow millions of lorries to be taken off the UK's congested road network each year. The new high speed network will allow 144 extra freight trains to run on UK railways every day.

HS2 will make better use of existing UK airport capacity

HS2 will help us all make better use of existing UK airport capacity by improving direct connectivity to Birmingham, East Midlands, Manchester and Liverpool airports, as well as connections to Heathrow, Luton and Gatwick via Crossrail and Thameslink.

Birmingham, Manchester and East Midlands airports are currently operating well below their respective passenger capacities. However, when the Davies Review recommended the expansion of Heathrow, it noted that its recommendation did not take into account the arrival of HS2 Phase One, which was yet to receive Royal Assent at the time. HS2 will bring

[7] Midlands Connect: Midlands Engine Rail report, P3, journey mode splits rail vs. road
[8] https://www.theguardian.com/uk-news/2013/oct/27/hs2-weekend-rail-closures-cost-backbench-mps
[9] HS2 operational emissions are anticipated to result in between -2,970,000 tonnes of carbon dioxide equivalent (tCO2e) and -3,160,000 tCO2e over the 60 year operational assessment period.
[10] In terms of emissions per passenger kilometre, HS2 is 8gCO2e/pkm8 as compared to inter-urban cars (67 gCO2e/pkm); intercity rail (22 gCO2e/pkm9) and UK domestic flights (170 gCO2e/pkm), based on projected carbon emissions in 2030.

both Birmingham and Manchester airports to well within an hour of central London, meaning their spare capacity can be used to address the airport capacity shortages in the South East. Meanwhile, raising air passenger numbers through these HS2-connected airports would benefit the economies of the Midlands and the North in a way that is as yet unquantified.

HS2 is the <u>only</u> project that can deliver a comprehensive, long-term solution to the UK's rail capacity crisis[11].

HS2 will address the national rail capacity shortage by:

- Moving long-distance travellers from the conventional network onto the new high speed network, creating more space for improved local and regional services.
- Providing 576,000 extra seats per day on the UK rail network. (This number rises to 608,000 when including Midlands Connect's two additional proposed conventional compatible services – Birmingham–East Midlands Hub–Nottingham and Bedford–Leicester–East Midlands Hub–Leeds)[12].
- Creating a step change in long-distance connectivity which in turn vastly improves the business cases for more local/regional connectivity improvements (e.g. Lincoln to Nottingham, new services into Birmingham Moor Street) that in partnership with the new high speed network can deliver significant additional economic benefits to the UK economy.

In total, Midlands Connect's forecasts (see Midlands Connect: Forecast Released Capacity post-HS2 map/table) suggests 71 locations will benefit from improved conventional rail passenger services as a direct result of the capacity released by HS2.

These released capacity benefits include:

1. Faster and more frequent services on existing routes.
2. Reduced crowding on existing services
3. New services between destinations that do not currently have a direct rail link.

HS2 will also free up space on the existing rail network for 144 extra freight trains per day. This will create space for over 2.5 million extra lorries' worth of cargo to be transported by railway, rather than by road, every year.

> Lindsay Durham, head of strategy, Freightliner:
>
> "Our biggest challenge is success and that means trying to get more capacity to move more trains. Businesses are asking us all the time to move more of their materials by train, they want to reduce their carbon footprint, and actually moving freight by rail uses 76% less carbon compared with the equivalent road movement."

<u>Driving additional benefits from HS2</u>

Now there is more clarity on the costs and timescales of HS2, it is essential the true benefits of high speed rail are also fully understood.

Midlands Connect's 'Midlands Engine Rail' (MER) programme is indelibly linked with the delivery of HS2. MER adds to the benefits of HS2 by making the case for brand new conventional-compatible high speed services, and by opening up access to HS2 through

[11] Midlands Connect: HS2 Released Capacity
[12] HS2 Ltd's current estimate of 300,000 seats per day is a demand estimate rather than full capacity forecast. See appendix iv. HS2 extra capacity table.

prioritising upgrades to existing infrastructure that has the potential to increase expected patronage on the new high speed network.

Midlands Rail Hub

The Midlands Rail Hub is a £2 billion package of improvements that will boost the Midlands' economy by £649 million per annum. It creates space for faster, more frequent services between the Midlands' economic centres, including Birmingham, Coventry, Leicester, Derby, Nottingham, Hereford, Worcester, the South West and South Wales.

Underpinned by the arrival of HS2 in Birmingham, the scheme includes plans for two new viaducts east of Birmingham city centre to allow 20 extra trains per hour to run into and out of an enhanced Birmingham Moor Street station, enabling easy connections with HS2 services at the adjacent Birmingham Curzon Street station. Other interventions will see the reintroduction of four direct services each hour between Coventry, Leicester and Nottingham, for the first time in two decades.

When combined with the other Midlands Engine Rail projects, measures to expand network capacity will also allow 72 extra freight trains to run through the region each day, creating space for over a million more lorries' worth of goods to be moved from our congested roads, onto our railways, each year.

Midlands Connect conventional-compatible high speed services

A compelling business case has been submitted to the DfT outlining plans for Nottingham and Leicester city centres to benefit from brand new conventional-compatible HS2 services, bringing additional economic benefits of at least £1.4 billion.

Our plans include hourly direct services via the East Midlands Hub station at Toton more than halving journey times between cities with historically slow and infrequent rail connections.

Bedford-Leicester-Leeds

Our plans propose an hourly direct conventional-compatible service between Bedford (linking to the extensive southern Thameslink network), Leicester and Leeds, slashing Leicester-Leeds journey times from two hours to 46 minutes. There is currently no regular direct rail service between the two cities, and as a result, just 15% of journeys between them are taken by rail, compared with 32% between Derby and Leeds, where there is a regular direct service.

Midlands Connect's business case outlines a technically feasible, financially viable and environmentally sustainable case, with additional stops at Wellingborough, Kettering, Loughborough and Market Harborough.

Birmingham-East Midlands Hub-Nottingham

This new direct service is a once-in-a-lifetime opportunity to revolutionise the relationship between the Midlands' two Core Cities of Birmingham and Nottingham, dramatically improving poor east-west rail connectivity across the Midlands.

A new direct hourly service via Toton offers a journey time of just 33 minutes, less than half the current average of 72 minutes on the existing network. Currently, fewer than one in five (19%) journeys between Birmingham and Nottingham are made by train, far lower than between equivalent city pairs like Sheffield and Manchester (51% by rail).

The Nottingham-Birmingham service requires changes to a planned junction at the East Midlands Hub at Toton, which could be less expensive than the current junction which is due to be proposed as part of the Phase 2b hybrid Bill. The DfT has formally commissioned HS2 Ltd to investigate the feasibility of the alternative junction, with a response expected before the end of 2019.

The capital cost of implementing the new services is estimated at £170 million, including the Toton junction and infrastructure upgrades to connect to the Midland Main Line and enable the extra hourly service from Bedford to Leeds, via Leicester.

The Bedford-Leeds service requires the electrification of the Midland Main Line north of Market Harborough, and the Birmingham-Nottingham service requires electrification west of Nottingham. This would require additional cost, but also add huge benefits to all the existing services and users on the Midlands Main Line. Both these services take advantage of spare capacity on the new HS2 line east of Birmingham, therefore immediately adding extra benefit (estimated at £1.4 billion) above and beyond what the current HS2 business case includes.

East Midlands Hub Station Connectivity

For the East Midlands to maximise the benefits of HS2, it is essential that the major economic centres of Nottingham, Derby, Leicester and beyond can quickly and easily access the East Midlands Hub station at Toton, and its associated regeneration and development, including the Innovation Campus.

A study, part-funded by Midlands Connect in partnership with East Midlands Councils, is examining what modes and methods of transport will best link users to the station.

At present, research suggests that enhancing the conventional rail service timetable from Toton to Leicester, Nottingham and Derby, to four trains per hour to and from each city, could drive significant economic benefits. Further work will examine in more detail how we can best achieve optimum connectivity along rail corridors servicing towns across the East Midlands, including Grantham, Newark, Loughborough, Matlock, Alfreton and Mansfield.

Birmingham Airport Connectivity

Our rail improvement plans to maximise access to Birmingham Airport will utilise extra network capacity created by HS2, alongside double tracking sections of the network south of the airport, to make space for an additional hourly service.

Our plans, alongside modest timetable changes, will improve connections to Coventry and Birmingham Airport from the south of England, East Midlands and the North East, opening up new direct connections to Birmingham airport from Derby, Sheffield, York and Newcastle.

This will increase the attractiveness of flights from Birmingham Airport to a host of new passengers, as well as bringing hundreds of thousands of people closer to UK Central's leisure, business and tourism destinations via public transport (the National Exhibition Centre, Resorts World, Birmingham Business Park, Interchange HS2 station).

Improving rail access to the airport will contribute to its ambition to increase passenger numbers from 12 million to 18 million a year by 2033.

Birmingham – Black Country – Shrewsbury

HS2 releases capacity for an additional train per hour from Wolverhampton to London. Midlands Connect is proposing an extension of that service on to Telford and Shrewsbury, bringing long-awaited direct connections to London from Shropshire's two biggest towns, with a combined population of more than 200,000.

Our proposals also increase the frequency of trains from Shrewsbury to Birmingham via Telford, Wellington, Wolverhampton and Sandwell & Dudley from three to four per hour. Our next feasibility study will also examine the financial viability of speeding up services from 55 minutes to 45 minutes.

South West Midlands – South Midlands – Thames Valley

HS2's transformative impact on the local and regional roles of the East coast Main Line, West Coast Main Line and Midland Main Line, together with the arrival of East-West Rail within the 'Oxford to Cambridge Arc', creates new opportunities for connectivity via Oxford from the south west and southern portions of the Midlands Connect area.

Our plans for the 'Trans-Midlands Trade Corridor' along the route of the Lincolnshire-Gloucestershire A46, enhanced regional express services on the East Midlands-Birmingham-Thames Valley and Birmingham-Worcestershire-Bristol rail corridors, alongside plans led by a number of partner authorities for enhancement of the Oxford-Worcester-Hereford 'North Cotswold Line', suggest the Oxford-Cambridge Arc, and I particular its high value education and research economies, could be extended westwards along this axis to include Worcester. Delivery of HS2 thus offers major unquantified and unappreciated benefits to this area of the south west and south Midlands.

Accelerating Toton

With the completion schedule for HS2 Phase 2b now staggered between 2035 and 2040, it is vital to accelerate the wider benefits of Toton to the East Midlands, including the development of a 10,000-job Innovation Campus and 20,000 homes around the station site.

We are pressing for the earliest possible opening of the East Midlands Hub station, to allow services like our Birmingham-Nottingham conventional-compatible plans to begin as soon as feasibly possible.

Accelerating the opening of Toton also makes it possible to run services on the existing network to Toton from Derby, Nottingham, Leicester and beyond, so essential for access to the new jobs and homes planned around the station. Therefore, rather than cancelling or scaling back HS2, Midlands Connect and the East Midlands continue to champion the need

for the earliest possible completion of the HS2 Phase 2b section between Birmingham and Toton, alongside the earliest possible delivery of Midland Main Line electrification between Kettering and Toton.

Our Strategic Outline Business Case for Accelerating Toton, completed before the HS2 schedule was revised, estimated an additional 16 million rail journeys, and an economic benefit of around £500 million if the station was opened up to four years early. This includes the ability to raise operational revenue by opening the Birmingham to Toton leg before all of Phase 2b is complete. The same holds true if Old Oak Common station is opened before the new high speed platforms at London Euston.

Investment opportunities [13]

Granting Royal Assent to HS2 Phase One in 2016 has catalysed unprecedented investment in Birmingham city centre. Since its announcement, Deutsche Bank, HSBC UK, PwC and HM Revenue & Customs have chosen to either relocate to or expand their presence in Birmingham, creating thousands of jobs.

In 2016 and 2017, office development in the city reached record highs, with 2019 in line to see the biggest number of new completions on record. In 2018, city centre residential development also reached its highest ever level, with over 5,000 units under construction[14].

This economic renaissance presages the uplift other cities along the route will experience, once HS2's other phases are confirmed. Each one of the six HS2-served stations[15] in the Midlands has robust investment programmes and plans in place to capitalise on the arrival of the new high-speed network.

Birmingham Curzon Street

Underpinned by a £900 million government-funded regeneration programme, over thirty individual investment opportunities will support: 600,000 square meters of office, retail and leisure space, 4,000 new homes, and 36,000 jobs, as well as transforming the city's urban quarter (Digbeth), adding £1.4 billion to the economy every year.

Interchange

The new HS2 interchange station and the nationally-significant assets that surround it (NEC, Birmingham Airport, Birmingham Business Park, Jaguar Land Rover), along with the new Arden Cross Development will support 70,000 jobs, 5,000 new homes and 775,000 square metres of commercial space. According to the Urban Growth Company, this 'hub' will collectively contribute £6.2 billion to the economy every year.

[13] HS2-Uniting the Country – Connecting the Midlands
[14] Deloitte Crane Survey
[15] Six stations according to 2017 HS2 Ltd plans. Midlands Connect plans increase the number of Midlands HS2-served stations to 11 by including Nottingham, East Midlands Parkway, Loughborough, Leicester and Market Harborough.

Stoke-on-Trent

Stoke station was first opened in 1848. All current services operate through just three platforms and the original Victorian station building. Despite this rail passenger numbers are steadily growing at 5% per year as the city increasingly becomes a business hub, with one of the country's fastest growing Enterprise Zones.

The arrival of HS2 trains brings the opportunity for its biggest overhaul in more than 150 years, with two new platforms and the regeneration of a huge area of land around the station. The Stoke station area masterplan incorporates measures to transform housing and employment delivery, totalling £500 million.

The City Council are working with the DfT and rail partners ahead of HS2's arrival to provide sufficient sustainable, low-emission transport links into the city centre. If HS2 was cancelled, the regeneration of five hectares of land directly adjacent to the station would stall immediately, holding back over £100 million of immediate investment that underpins the longer term £500 million transformation plan. Improvements for jobs, housing and leisure would also be stalled immediately. Any cancellation or de-scoping of HS2 is therefore a huge risk for the City of Stoke-on-Trent and the wider regional economy.

Stafford

The Stafford Station Gateway Growth Area will take advantage of the town's direct link to HS2, drawing £500 million of investment, creating 6,500 new jobs in office, commercial, logistics and leisure as well as 800 new homes within the town itself. Thanks to the work of the Constellation Partnership, Stafford, Stoke and Crewe have regeneration plans worth over £3 billion. However, the partnership forecasts that 58,000 of the estimated 192,000 homes which will be built in the Partnership area by 2050 will not be built, and 50,000 of the anticipated 170,000 jobs will not materialise if HS2 does not progress as planned.

Handsacre junction

The Handsacre link between HS2 Phase One and the existing West Coast Main Line is essential to Stoke and Staffordshire's economic future. This planned conventional-compatible link will bring Stafford to within an hour of London and allow direct HS2 trains to serve the people, businesses and communities of Stoke-on-Trent, Macclesfield and Stockport from the very first day that Phase One opens.

East Midlands Hub (Toton)

The new HS2 station at Toton will support the development of a purpose built innovation campus, new housing and commercial space. Toton is the perfect example of how local authorities and Midlands Engine partners are aligning their economic development strategies to harness and add to the benefits of HS2. The Midlands Engine Development Corporation has been established especially to bring the East Midlands Hub, East Midlands Airport, and Ratcliffe-on-Soar Power Station sites together into an unparalleled venture for investors both at home and abroad. This gives the East Midlands the chance to establish an inland freeport in the region too – somewhere local communities can work, build around and benefit from for generations to come. These plans will create at least 74,000 jobs, 20,000 new homes, 180,000 square metres of commercial space and add £4 billion to the regional economy.

Chesterfield

Chesterfield's regeneration plans include a new link between the town centre and its 13th Century marketplace, a modern housing development, state of the art rail station upgrade and an HS2 maintenance depot at nearby Staveley. The Infrastructure Maintenance Depot at Staveley, on top of the direct HS2 services to Chesterfield, will have a transformational impact on the Derbyshire economy. Local partners have set out a comprehensive approach to integrating Chesterfield station and associated development areas into the town, enhancing its role as a gateway to the Peak District National Park and accelerating the regeneration of the Staveley corridor. These plans will support 10,220 jobs, 4,740 new homes, 550,000 square metres of commercial space and £270 million of extra GVA.

Conclusion

Midlands Connect's partnership spans 22 local authorities, eight chambers of commerce, nine Local Enterprise Partnerships and two international airports, representing a region of more than 10 million people.

Through its steering group and strategic board, Midlands Connect's partners have empowered the organisation to make the strongest case possible for the delivery of HS2 in its entirety. The clear and consistent message of the Midlands' civic and business leaders is that long-term economic plans are dependent on, and maximised by, the arrival of HS2.

In the East Midlands in particular, long overlooked for major transport investment and consistently near the bottom of every metric of government infrastructure spending, the cancellation of HS2 would be yet another economically-damaging kick in the teeth. In the West Midlands, where construction has already started, years of unprecedented growth have been inextricably linked to optimism around HS2's arrival. To jeopardise that now would undermine any confidence Midlands leaders have in Westminster's commitment to rebalance the economy.

Cancelling or de-scoping HS2 would be a huge backwards step. Midlands Connect, its partners and allies have demonstrated why HS2, alongside existing upgrades, is the best and only way to truly transform connectivity in this country. The evidence submitted here proves that there are also significant additional benefits, not currently acknowledged as part of HS2's business case.

The argument for continuing with the full delivery of the project as soon as possible has never been stronger. The Midlands stands united to continue building our argument until the government commits itself to delivering HS2 in full.

If you have any questions about this letter, or the content enclosed, I Look forward to answering them via whichever channel of communication you prefer.

Best regards

Maria Machancoses
Director, Midlands Connect