

Step 4: Strengthened Transport Networks

1. What we want to achieve

The transport network has a crucial enabling role in supporting our shared ambitions for growing and rebalancing the economy. Our vision is for more competitive Core Cities where each urban area has well connected and integrated transport systems, each Core City is linked to its key national markets, and is globally networked, delivering growth and jobs for the UK.

Independent forecasts demonstrate that our core cities have the potential to deliver an additional 1.16 million jobs and £222 billion into the national economy by 2030¹. Our transport systems need a step change to enable this to happen, improving national connectivity, particularly through High Speed Rail beginning with HS2, and improving and integrating local transport systems.

Core Cities already have many of the necessary ingredients to make this work, and with an enhanced package of powers, flexibilities and resources will deliver on three key transport objectives:

1. **An integrated local transport fund and system** enabling day to day travel.
 - Supporting well-functioning local labour markets.
 - Ensuring people can sustainably access work, education and leisure.
 - Enabling existing businesses and incoming investors to be confident that they can move their goods and services around.
 - Making sure local residents can access the shops and services they need.
2. **Fast and reliable access to growth centres across the UK.**
Including key markets like the other Core Cities. London, Edinburgh, Cardiff and Glasgow.
3. **Targeted access to key international markets** and economic locations with which they do business and compete.

Across the Core Cities we need the capacity to support at least an additional 244,000 incoming commuters and 51,000 extra business journeys a day, as well as at least 1 million additional residents by 2030 who will need access to improved public transport². This requires an additional £104 billion of capital investment to achieve 'best case' economic forecasts.

¹ Oxford Economics for Core Cities 2013

² ARUP and Volterra (2011), Understanding the transport infrastructure requirements to deliver growth in England's Core Cities, Core Cities Network

2. Why change is needed

Local transport infrastructures require radical improvement if we are to maximise economic growth from Core Cities.

We are far from this vision. Compared with cities of similar scale and role in other European and OECD countries our second tier cities should be more economically successful³. At a time when London is experiencing the strains of growth - congestion, house price inflation and inequality⁴ - there remains significant headroom for growth in our Core Cities⁵. We must ensure that our transport systems are capable of supporting our wider efforts to improve quality of life and local environment.

Both transport governance and transport services are fragmented, the vision of the potential of key regional transport hubs to play a stronger role for Britain is inadequate, and transport investment levels are unbalanced between London and the Core Cities. Our Capital City enjoys the benefits of a strategic transport body, Transport for London, with an integrated single set of policy and investment powers to plan for transport in the capital. Across our Core Cities there is no equivalent leadership structure which can ensure transport maximises economic, social and environment benefits.

We have underinvested in transport nationally, and particularly outside the South East.

The UK ranks only 34th in the world for its infrastructure⁶, 6th in the G8 countries, and only spends 1.5% of GDP on infrastructure compared to 6% in Japan and 3% in France⁷. Public transport investment in the capital now stands at £644 per head compared with £243 per head for the West Midlands and the North of England combined. London's performance is critical to the nation, but Core Cities are important too and in fact deliver more economically. The capital has enjoyed very significant transport investment over the last two decades, and it is now time to make sure that all our great cities are connected, so they can become a single and powerful engine for economic growth.

High Speed Rail, beginning with HS2, is critical to achieving lasting growth

Core Cities welcome the bold commitment to invest in HS2. This demonstrates national ambition to reshape our economic geography. Potentially transformational, it could effect a step change in our economy, by boosting integration, adding essential additional capacity and promoting competitiveness. The creation of a full High Speed Rail network for the UK is therefore supported by all the Core Cities.

³ See M.Parkinson (2012), Second Tier Cities in Europe, ESPON and Overman, H. & Rice P (2008) *Resurgent Cities and Regional Economic Performance*. SERC Policy Paper 1. Available at www.spatial-economics.ac.uk

⁴ E.Smart, Greater London Authority, *Well-being in London*, Presentation to the OECD Working Party on Territorial Indicators, Paris, 7 December 2011

⁵ Overman, H. & Rice P (2008) *Resurgent Cities and Regional Economic Performance*. SERC Policy Paper 1. Available at www.spatial-economics.ac.uk.

⁶ World Economic Forum's Global Competitiveness Report

⁷ Association for Consultancy and Engineering, *Avoiding the Infrastructure Crunch*

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Recent analysis suggesting an annual national uplift in the economy following completion of the project, with productivity benefits distributed across the country, is supported by research we have previously commissioned. Oxford Economics, ARUP and Volterra have estimated that there is a potential for HS2 to support 400,000 additional jobs in the Core Cities and support the delivery of 1 million jobs in total across the eight wider urban areas.⁸

Each of these reports clearly highlights the importance of improvement the transport capacity within and between the Core Cities in parallel with national connectivity, to realise the benefits of investment in wider inter-city networks and to improve connectivity to the global economy. This wider approach will ensure that HS2 is able to achieve the full potential return on its investment for the nation. Without this wider commitment, there is some evidence that there would be some risk of redistributing economic capacity from the Core Cities to the capital.⁹

Delivery of our shared ambition for growth requires that each Core City has the tools to ensure it punches its weight for Britain. Our proposals are for a step change in transport the effectiveness of local transport networks underpinned by updated governance arrangements and accelerated investment to build internal integration and connectivity to markets at home and internationally.

3. Core Cities Offer and Proposals

1. Empowered, Improved Local Transport

- A single 10 year settlement for each Core City area for the whole of local transport funding with maximum flexibility over how it is spent.
- Significantly enhanced flexibility, to the level enjoyed by Transport for London, in maximising public transport benefits, including reviewing Transport Levy Referendum arrangements and simplifying contracting processes.
- Flexibilities and powers to ensure that a consistently high quality and affordable bus network and integrated ticketing can be delivered in order to support economic, environmental and social goals.
- Local control of trunk roads with the Highways Agency, or its successor, having a duty of cooperation in respect of the adjacent strategic network.
- Traffic Management Act 2004 powers (moving traffic offences) devolved to Core Cities.

⁸ ARUP and Volterra (2011), *Understanding the transport infrastructure requirements to deliver growth in England's Core Cities*, Core Cities Network

⁹ Overman H. et al (2009) *Strengthening Economic Linkages between Leeds and Manchester: Feasibility and Implications*, The Northern Way and the Spatial Economic Research Centre, LSE

2. Stronger National linkages

- Maintaining commitment and increasing the pace of legislation for HS2 to bring forward the economic benefits and deliver best possible return on investment.
- A new dialogue about the future role of the wider Inter City network as HS2 capacity is introduced, to ensure that the full benefits of HS2 capacity are realised.
- Support for the delivery of complementary local transport investment and local economic development activity to secure the best case outcome of HS2.
- A rebalancing of transport investment levels across the UK using a more economically focused approach to appraisal with the aim of support the national rebalancing project, and enable core cities to become 'HS2 ready'.
- Incentives for collaboration between core cities, regional partners and the Department for Transport in the commissioning of rail services and the prioritisation of strategic road routes.
- Local and regional rail franchises devolved to Local Transport Authorities or Combined Authorities.
- A commitment to ensuring that all Core Cities are connected to the European motorway network.

3. Networked Global Gateways

- A formal Core Cities role in the determination of national aviation and seaport priorities, providing influence over decision making about the UK's global access to international trade markets and a full appreciation of the potential of the full national gateway network.
- A review of the tax regime, and other potential incentives, with the aim of rebalancing aviation and ports traffic and supporting key regional airports, providing them with the opportunity to develop sustainably as servicing hubs for their regions.
- A devolved funding allocation to Core Cities for global gateways to enable individual core cities to influence and pump-prime investment into new route developments to key export and trade markets.

What benefits will this bring?

- Core Cities taking a more active role in the national debate on future transport infrastructure development to promote a shared goal of a rebalanced knowledge based national economy, integrated internally and competitive internationally.
- Strategic local prioritisation of transport investment based on an evidence-based understanding of the most important projects to drive growth and employment.

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- Improved transport networks and services with a clear focus on increasing economic activity, supporting population and jobs growth, getting the best possible return on investment in HS2.
 - Clearer alignment of transport investment with local economic strategies and to plans to enhance the attractiveness of our urban centres as living and working environments and magnets for investment.
 - Provide transport networks that are capable of supporting Core Cities 'best case' economic and jobs forecasts.
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