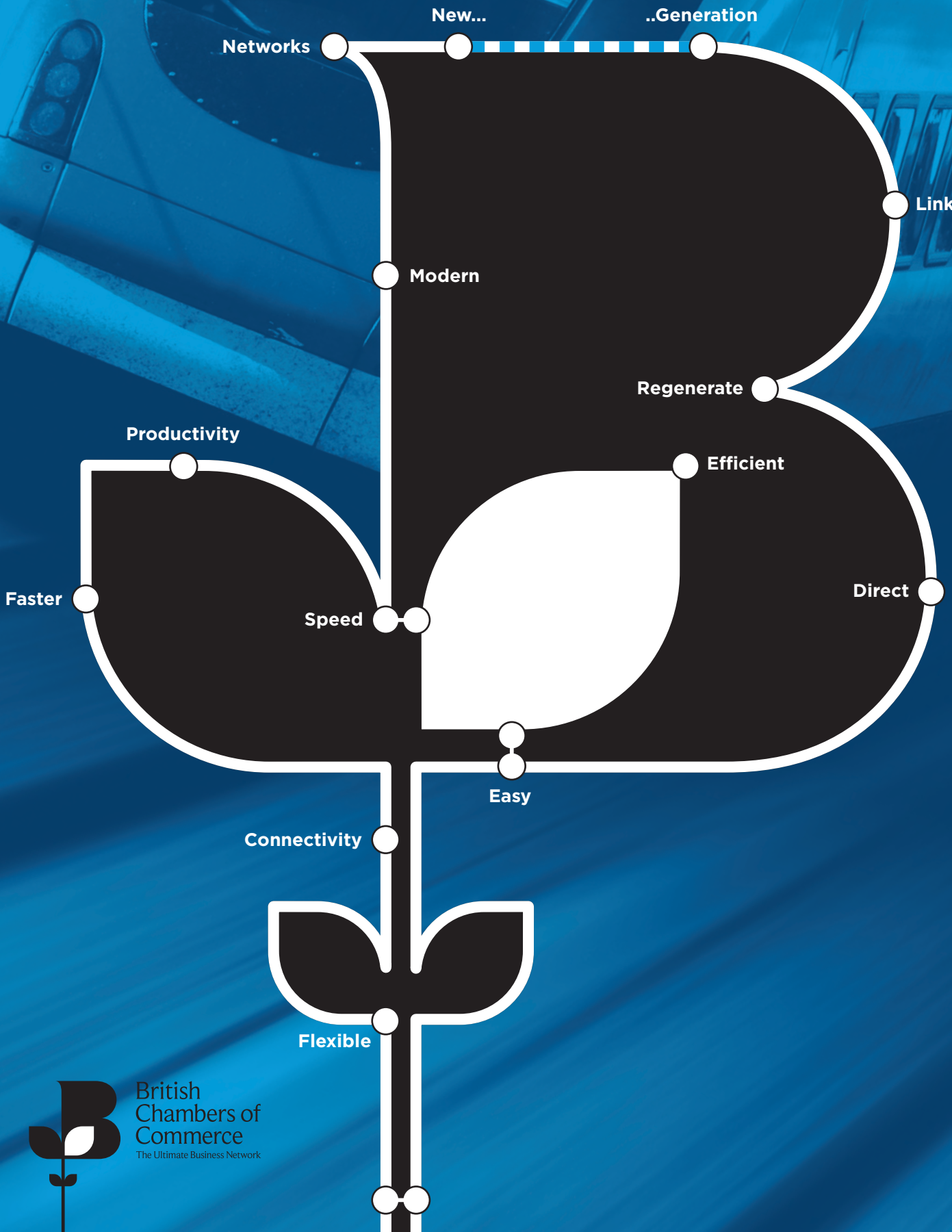


HIGH SPEED, HIGH TIME: THE BUSINESS CASE FOR HIGH SPEED RAIL

November 2009



British
Chambers of
Commerce
The Ultimate Business Network

ABOUT US

The British Chambers of Commerce (BCC) is the national voice of local business; a national network of quality-accredited Chambers of Commerce, uniquely positioned at the heart of every business community in the UK. The BCC represents approximately 100,000 businesses of all sizes across all sectors of the economy that together employ over 5 million people.

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GLOSSARY

DfT	Department for Transport
ECML	East Coast Main Line
EMCH	East Midlands Chambers High Speed Rail Survey
HSR	High Speed Rail
MML	Midland Main Line
WCML	West Coast Main Line
HS1	High Speed One - Currently UK's only high speed line
HS2	Development company set up by Government to consider the case for new high speed services in Great Britain





One of the most crucial factors in enabling business growth is the quality of a country's infrastructure. Yet in the UK, for too long, we have relied on a railway system constrained by its Victorian foundations. It is for this reason that the British Chambers of Commerce (BCC) is calling for the construction of a new high speed network that not only builds on the success of the UK's first high speed line, but extends that success across the whole country.

Capacity constraints on the railways mean that, even with recent upgrades, key sections of the railway will be full by 2024. This scenario is simply not acceptable. Businesses rely on connectivity and flexibility. It is no longer enough simply to patch over the cracks; a new approach is needed. We believe this must be a new high speed rail network reaching across the country, both North to South and East to West.

I am pleased that a political consensus has built up around the issue, but the BCC is urging all parties to go much further, and sign a binding agreement that commits the next government – whatever its political colour – to progress the work already conducted by HS2 Ltd, the company established. Despite budget constraints, infrastructure investment and planning must continue for high speed rail.

HS2's work is vital to the future success of the UK economy, and it must not be allowed to unravel or be delayed after a General Election. This is our best shot at a modern high speed rail network in the UK – an opportunity not to be wasted.

A handwritten signature in black ink, reading "David J. Frost". The signature is stylized and cursive.

David Frost
Director General
British Chambers of Commerce



We are, as a nation, at a critical stage with high-speed rail. While there is a need for financial stringency in these times of economic difficulty, it is essential that issues affecting the productivity and efficiency of the economy are addressed without delay. Critical infrastructure investments must proceed – and none is more necessary than the plan to create a high-speed rail network in Britain.

We know the public recognises this point. As Greengauge 21's recent report *Fast Forward* states, based on a one thousand-strong representative sample, "78% of people in Britain believe high-speed rail is essential for our future."

This report adds the weight of business to a rapidly building consensus. Across the country, Chambers of Commerce have asked themselves the question: "what would high-speed rail mean to us in this part of the country?" The answer is clear: a step-change in the quality, efficiency and sustainability of our transport system.

Of course, business knows as well as anyone that this is not a short-term palliative. It is a commitment to the economic future of the nation, because we have to find a way forward for our national transport systems, one that holds the prospect of offering a viable, safe, fast and super-reliable alternative to ever-more congested networks. And it's a commitment to facing up to climate change responsibilities by backing an approach that will reduce carbon emissions, even as fresh capacity is added.

What this report shows is that British business is up for the challenge, and as we enter the period leading to a general election, this report should leave Ministers and prospective Ministers in no doubt of the support that high-speed rail enjoys.

A handwritten signature in black ink, appearing to read "J. W. Steer". The signature is written in a cursive style with a large, looped initial "J".

Jim Steer
Director
Greengauge 21
www.greengauge21.net

The UK's railway network is operating near capacity. Passenger numbers continue to increase, yet investment has failed to keep up, resulting in delays and creeping inefficiency. Congestion on our infrastructure networks already costs British business £23.2 billion every year.¹ Although the network has made huge strides recently with upgrades such as that on the West Coast Main Line and the opening of the UK's first high speed railway line linking London to Paris, the network is still largely based on its Victorian foundations, with limited scope for further modernisation.

The time has come to take a new look at our railways and to take a view beyond the existing network. A new generation of trains and infrastructure have largely passed the UK by, whereas our continental neighbours have invested heavily in new high speed networks. France now has a high speed rail network totalling 1,700 kilometres while Spain, which only began its network in 1992, will have a network totalling 7,000 kilometres by 2010 and is predicted to extend this to 10,000 kilometres by 2020. The UK, on the other hand, has only 108 kilometres.

With public debt standing at almost 60% of GDP and rising, the government must prioritise where it spends its dwindling resources. Infrastructure, so vital to the economic vitality of the country, will have to compete with other services. A new high speed rail network might appear expensive, with cost projections reaching upwards of £30 billion, but the railways are a key element of our national infrastructure, linking businesses to labour and markets and contributing significantly to national economic productivity and growth. High speed rail will contribute significantly to our future economic potential.

Long term investment, by its very nature, requires early planning. The economic benefits of a high speed network linking all the major cities will generate revenues and benefits worth almost £55 billion.² The government has predicted that capacity on the current network will be exhausted by 2024. It is therefore imperative that we put in place the foundations for new high speed lines now so that we are well prepared for the future.

CURRENT ISSUES

The renaissance of the railways has been impressive. Over the last decade passenger numbers have increased by 50% and rail freight by 40%. A total of 49 billion passenger kilometres were travelled on the rail network in 2007/8, an increase of 41% compared to a decade earlier. The growth in rail usage has advanced at such speed that

current capacity on the network will be exhausted by 2024,³ even taking into account planned and anticipated enhancements such as Crossrail and electrification.

The railways are a key element of our transport infrastructure, impacting hugely on the development of the regions by increasing connectivity and driving long term economic growth. With projected population growth forecasts adding to pressures, passenger demand is forecast to grow by a further 73% by 2030.⁴ Constraints on the railway limit connectivity and competition, and result in higher prices and increased costs. This is a scenario that business simply cannot afford. More capacity is urgently needed to meet current demand and support future economic growth.

In order to focus on long term solutions the Government set up the National Networks Strategy Group, which in turn created HS2, a development company to outline the case for a new high speed rail network. This is a step in the right direction, but a new network will take at least a decade to build. With capacity already constrained and the business case suggesting a cost benefit ratio of 3.5:1, it is vital the decision to go ahead with additional high speed lines is taken as quickly as possible.⁵

HIGH SPEED ONE

The success of the UK's only high speed rail line from the continent to London has spurred debate over new high speed rail infrastructure in the UK. Over the past few months both Network Rail and Greengauge21 have released reports proposing new high speed rail lines. Whereas Network Rail's report proposes new lines in response to the capacity needs of the current network, the Greengauge report goes one step further and outlines the business case for a fully comprehensive network running up both the East and West coasts of the country. In December of this year the Government, via HS2, will announce its preferred route to the West Midlands; the first stage of a real project to build high speed rail from London to Birmingham.

High Speed 1 (HS1), opened in 2003, brought about a 20 minute reduction in journey time that resulted in a 30% increase in passenger numbers. On completion of the final section in November 2007, Eurostar saw a 21% jump in patronage over the three month period January-March 2008.⁶

¹ British Chambers of Commerce, *The Congestion Question*, 2008

² Network Rail, *Meeting the capacity challenge: The case for new lines*, 2009

HS1 is set to deliver over £17 billion in economic benefits, against a cost of £7.3 billion.⁷ Journey times on the route have fallen significantly and now link London to Paris and Brussels in a little over two hours. The major benefit of HS1 will be the regeneration it will bring to three London sites at Stratford, Ebbsfleet and King’s Cross, as well as the wider development impacts across Kent. The line will also relieve capacity constraints on central London employment growth and boost housing demand and regeneration in the region. With the introduction of domestic services on the line in December 2009, high speed rail is here to stay.

HIGH SPEED RAIL - A UK NETWORK

The construction of a new high speed network in the UK will dramatically cut journey times between London, the Midlands, the North and Scotland. Travelling at speeds of up to 200mph, the distance between London and Scotland could be covered in less than three hours (see Figure 1). Such a reduction in journey times will have a huge knock-on effect on productivity, and will present a huge incentive over other forms of transport to both business and leisure travellers.

“For the future, we need to assess the relative merits of building new lines rather than highly disruptive and expensive major upgrades of existing lines. If the cost of disruption is fully taken into account, I suspect it is by no means clear that ostensibly lower price upgrades are always better value than new high speed lines.” (Lord Adonis, Secretary of State for Transport, 2009).

be accommodated on one line. In comparison to road travel, a high speed rail line would have 50% more capacity than the M1 or M6 motorways and achieve journeys in a third of the time possible by road.¹⁰ Further, recent technological progression, in the form of the AGV (Automotrice à Grande Vitesse), means that carriages can be upgraded to double-decker train sets, allowing more passengers to travel at faster speeds and greater frequencies.

Because any new high speed rail infrastructure will be separate from the existing railway system, it will not negatively impact upon the existing network during construction. A dedicated high speed network

will also free up capacity on existing routes by allowing the conventional network to be utilised for more intensive local passenger and freight services. Cities or towns on the current network that have lost direct connections could see them reinstated, and

local commuter services, critical to many businesses and their employees, could be increased. Rail freight, which currently struggles to compete with road transport, will be able to offer more flexible and cost effective operations. By releasing capacity for freight and local services, it is expected that a shift from road to rail will become vastly more feasible.

Figure 1 – Potential Journey Times Comparison

Route	Conventional Rail	High Speed Rail ⁶
London-Birmingham	1h 20m	55
London- Manchester	2h 5m	1h 20m
London-Liverpool	2h 5m	1h 35m
London-Leeds	2h	1h 25m
London-Sheffield	2h 10m	1h 20m
London-Newcastle	3h 15m	2h
London-Edinburgh	4h 20m	2h 35m
London-Glasgow	4h 25m	3h
Birmingham-Manchester	1h 30m	55m
Manchester-Leeds	55m	25m

High speed rail offers significant benefits beyond just time savings. It will dramatically increase capacity. High speed trains are significantly bigger than standard rolling stock, and due to their superior acceleration and higher speeds, more services can

As with HS1, the key economic driver of high speed rail will be the associated agglomeration benefits that such a network will provide, not only to the cities that it serves, but to their wider areas. Greater connectivity, provided by faster and more frequent rail services, will bring businesses closer together. As the reach of businesses increases, production costs will fall as companies are able to access more competing suppliers and a wider pool of labour. Such productivity benefits will also encourage more businesses to locate in or around these areas, which could further increase gains.

High speed rail could also offer significant environmental benefits, especially if it reduces domestic aviation demand. New and more efficient high speed trains emit significantly less carbon per passenger than the equivalent trip by air. This is further reduced if the energy source is decarbonised. As a result high speed rail should be a key driver in the government’s target to reduce carbon emissions from the transport sector by 14% over the next decade.¹¹

⁶ Eurostarpress release, 2009.

⁷ Colin Buchanan, Economic Impact of High Speed 1, March 2009.

⁸ Timings may vary across this report as regional chambers have reported findings from several reports.

⁹ <http://www.greengauge21.net/hs2-journey-times.html>.

¹⁰ Written submission by ASLEF to the Scottish Executive, 17 October 2008

However, for high speed rail to truly benefit the UK, the country requires a network that reaches both North to South and East to West. Whilst there appears to be a growing political consensus over the need for a North-South line, there is a strong and growing economic case for an East-West route too. Linking the North West and North East could add a further 40% in economic benefits to the North by enhancing region-to-region and city-to-city connectivity.

CONCLUSION

British businesses and the Chamber of Commerce Network believe the case for high speed rail is clear. As an initial step, the new National Planning Policy Statements resulting from the Planning Act 2008 must call for the identification, protection and preservation of potential paths for a high speed rail network and its associated stations. HS2 must be instructed to report on the case for a national network once it sets out a path for the line to the West Midlands. High speed rail in the UK must be planned as a national network.

The business community is pleased that the main political parties have come together on the need for high speed rail. We support the Government's ongoing work via HS2, and also the Conservatives' and Liberal Democrats' enthusiastic backing, but we disagree with the belief that a new high speed network should be at the expense of further investment in aviation. While we fully expect high speed trains to compete with air on domestic routes, we believe there will continue to be a strong role for aviation, especially for business connections. High speed rail will also create additional demand to Heathrow and the regional airports. As the UK's only hub airport, Heathrow will become a destination in its own right on the network as businesses and leisure travellers seek access to global markets and destinations.

The case for high speed rail has been stated by Chambers of Commerce, environmental and business groups as well as the main political parties. It is imperative that following the publication of this report the recommendations are taken forward and planning for the UK's high speed network begins immediately with construction commencing as soon as possible.

RECOMMENDATIONS

Because high speed rail is a long term infrastructure project planning needs to start now. The BCC recommends:

Short Term

- **National Policy Statements** – High speed rail is a nationally significant infrastructure project. It is therefore essential that the emerging National Planning Policy Statements take into account the need for major new rail infrastructure by identifying and protecting potential paths and locations for new high speed lines, stations and facilities.

- **HS2** – As a matter of priority the Government must extend the remit of HS2. It should be charged with the development of comprehensive route options beyond the West Midlands, and set out proposals for a full UK high speed network including North-South and East-West routes.
- **Phase One** – Construction must be phased due to the long-term nature of building a UK-wide network, as well as the constraints on public finances over the next decade. Planning for Phase One to the West Midlands must continue, and include connections to Heathrow, the Channel Tunnel, as well as ensuring interoperability with the existing network.
- **Cross Party Funding Consensus** – As a matter of priority the major political parties need to reach a binding consensus on high speed rail including cross party support for a long term funding package combining public and private sector resources.

Long Term

- **National Network** – The BCC strongly supports the construction of a new high speed rail network. For the full benefits of high speed rail to be achieved plans must be developed for a national network with North-South and East-West connections. There must therefore be early discussions with the devolved administrations to consider cross-border implications such as funding and technical standards.
- **National Infrastructure Investment Plan** – The BCC calls on Government to prioritise high speed rail as part of a 30 year National Infrastructure Plan that clearly sets out the UK's long term infrastructure goals.
- **High Speed One** – High speed rail in the UK must be fully integrated into the European high speed network via HSI, allowing seamless international city-to-city connectivity.
- **Existing network** – It is essential that a future high speed rail network does not negatively impact upon the conventional rail network. Planned and future upgrades and maintenance must continue. High speed rail must be seen as additional to, rather than a replacement for, existing repairs and upgrades to the UK's rail infrastructure.
- **London central and city centre stations** – The Chamber Network strongly believes that city-centre to city-centre connectivity is vital if a high-speed network is to achieve its full benefits. Stopping at an out-of-town station, or a hub with city-centre access provided by existing transport infrastructure, would reduce time savings accrued from higher speeds.
- **Freight** – Consideration must be made at the outset as to how new high speed rail lines and the conventional rail network can accommodate freight services. Experience from Europe suggests that freight can operate on high speed lines in a manner that does not disrupt passenger services. The installation of new European gauge lines would also make direct continental freight operations possible to the primary freight distribution centres in the Midlands and North-West.

¹¹ DfT, *Low Carbon Transport: A Greener Future 2009*.

Introduction

The development of a high speed transport network with the West Midlands at its crux has the potential to transform the regional economy driving commerce and increasing productivity. A high speed rail link between the West Midlands and London alone will generate benefits valued in excess of £6 billion over a sixty year period,¹² with an additional link from Birmingham to Manchester likely to yield £185 million to the West Midlands.¹³

The current issues: capacity, demand and passenger growth

Overcrowding and capacity pressures across local and national rail networks present a significant threat to West Midlands businesses looking to attract inward investment and gain access to workers, customers and suppliers.¹⁴ Local rail journeys within the region have increased by 36 per cent from 31 million in 2002/3 to 42 million in 2007/8 and will grow by a further 15 per cent to 48 million by 2014.¹⁵ Passenger demand on the West Coast Main Line (WCML) will increase by 104 per cent between 2006 and 2026, with research suggesting that, despite the WCML upgrade, capacity could be overloaded south of Rugby by 2016.¹⁶

Evidence from Chamber members indicates that despite the downturn, at least a quarter of businesses increased their rail usage in 2008.¹⁷

- £6bn benefits to region
- 40 minutes faster to London
- Productivity gain equal to £36 per worker per year

THE CASE FOR HIGH SPEED RAIL

Capacity

A high speed rail network is the 'total network solution' required by the West Midlands to tackle potentially crippling capacity pressures, not least across the existing local rail network. A high speed link to London will allow a restructured local and regional rail timetable that will double local train frequencies along the Birmingham to Coventry corridor, as well as supporting emerging service patterns and even new routes promoting new patterns of growth. For businesses, this will mean increased productivity through reduced business costs and wider and improved access to labour.¹⁸ Furthermore, capacity release across local rail could serve to promote modal shift from road to rail with environmental benefits and reduced congestion across our region's roads as commuters appreciate a host of second order benefits such as the ability to work on trains.¹⁹

Journey times

Direct high speed access to London and the associated reduction in journey times are crucial to West Midlands businesses. Journey times from Birmingham to London will be cut from an average of 125 minutes to just 45 minutes. Estimates suggest

that this would enable some £3.9 billion in time and cost savings, the majority to business travellers.²⁰ A high speed service between Birmingham International Station and Manchester Piccadilly would see journey times cut to just 45 minutes leading to a considerable reduction in journey times across several routes, such as Coventry to Manchester (from 120 minutes to 75 minutes).²¹ It is vital that the selected route provides the region with a direct link to London and the continent to maximise time savings and promote a desirable modal shift from air to rail.

Economic benefits

High speed rail has the potential to boost inward investment and improve the region's accessibility to workers, customers and suppliers leading to higher levels of productivity created by agglomeration benefits.

Despite the slowdown, improved connectivity to London will significantly benefit the region's financial and business services sector with agglomeration benefits equivalent to £106 per worker per year in Birmingham over a sixty-year period.²² A link to London will place the region within the capital's commuter belt allowing a greater number of typically high earners to settle in the West Midlands. Improved connectivity is likely to result in the outsourcing of back office functions to the West Midlands as firms take advantage of Birmingham's more competitive cost structures with little relocation likely to occur in the other direction.²³

A West Midlands Chambers survey found that over fifty per cent of members believe their business will benefit from direct access to a national high speed rail network. Reduced travel times and increased capacity will create new market opportunities, attract investment and significantly increase our region's access to customers at home and abroad.²⁴ The West Midlands' tourism and business tourism sectors have much to gain from the creation of a high-speed rail network across the UK. Tourism is the fourth largest contributor to the region's economy. Business tourism in particular is worth over £6.6 billion and offers employment to more than 115,000 people based on our world-class venues and facilities such as the National Exhibition Centre in Birmingham.²⁵ A national high speed rail network, rather than solely a link to London, will enhance our central location, improving our accessibility to customers, clients and visitors.

¹² High Speed 2: *Economic and Regeneration Impacts for Birmingham*. Steer Davies Gleave, 2008.

^{13,18,19,20,21,23} *High Speed 2*, p.27,29,20,21,27,31

^{14,17} West Midlands Chamber of Commerce 2008.*The Congestion Question in the West Midlands: A Business Transport Survey*.

¹⁵ West Midlands Regional Rail Development Plan, West Midlands Regional Rail Forum, 2009.

¹⁶ Atkins, *Because Transport Matters: High Speed Rail*. 2008, p.18.

²² 37 per cent of total regional employees working in the financial sector and 24 per cent in professional services in 2003 see *High Speed 2*, p.30

²⁴ West Midlands Chambers, *High Speed Rail Survey, 2009*

²⁵ <http://www.advantagewm.co.uk/what-we-do/improving-places/tourism.aspx>

High speed rail will act as a major stimulus to regeneration in the region. International comparisons suggest that a high speed rail station in the West Midlands will attract employment and activity both within, and from without, increasing overall regional income.²⁷ A high speed link will raise the region's profile and status, especially in terms of attracting international business. Foreign direct investment has been crucial to the West Midlands' success over the last fifteen years, creating 34,569 jobs in the West Midlands Metropolitan Area and safeguarding over 77,420 jobs.²⁸

Issues to address

It is crucial that passengers from the surrounding area, particularly rural counties currently ill-served by rail, have access to the high speed network through connecting trains. This will ensure environmental and economic benefits are not lost through forcing passengers to drive to a central point to access the new network. Timetabling must accommodate such connections and moreover, reflect business needs by allowing, for example, business passengers travelling from the region to London or the North to arrive for 9.00am and 10.00am meetings.

To maximise inward investment and economic benefits, high speed rail must be integrated with existing transport infrastructure. In particular, West Midlands businesses need access to Paris, Brussels and Amsterdam through HS1 and high speed links to Heathrow Airport which will significantly enhance our international profile and accessibility. Within our region, it is vital that the high speed network is integrated effectively with Birmingham International airport. This will promote the Airport's development as a long-haul gateway creating jobs and investment. It will also reduce regional demand for environmentally damaging short haul flights.

Conclusion

A high speed rail network, with the West Midlands at its crux, will stimulate a step change in the region's connectivity creating marked economic, regeneration, social and environmental benefits driving a reduction in the region's £10 billion regional output gap (GVA).²⁹

Business case study: The NEC Group

The NEC Group, operator of the National Exhibition Centre (NEC), the International Convention Centre (ICC) and two arenas, the LG Arena at the NEC and National Indoor Arena (NIA), brings over four million people together annually to attend some of the most important international business events, see the UK's best-loved shows and enjoy the very best music. The NEC Group creates £2.05 billion for the economy and supports 29,000 jobs in the UK.

Rail is the preferred public transport mode for the majority of visitors and customers. The rail services provision into the West Midlands, and in particular the NEC/BIA campus is struggling to cope with current capacity demands, due to the operation of just two lines between Birmingham New Street and Rugby.

The NEC Group strongly believe that the benefits that will arise from connection to a truly High Speed network will bring significant economic regeneration to a critical hub at the heart of the UK and its transport network, in terms of business investment and international connectivity. An integrated transport hub based at the NEC/BIA campus, comprising of a comprehensive strategic motorway network, a regional and local network of bus and rail services, connected to the international airport and a high speed rail network, and connected to the highest economically performing part of the West Midlands, will provide the catalyst for the investment and regeneration needed to close the £10 billion regional productivity gap.²⁶

^{26,29} Advantage West Midlands, *Connecting to Success: West Midlands Economic Strategy, 2007*

^{27,28} *High Speed 2*, p.33, 34

Introduction

The East Midlands is a large and diverse region, with 4.3 million people and over 260,000 businesses. It benefits from its geographical location at the heart of the UK with strong links to London, the South East and the northern regions. Transport infrastructure is crucial to the economy with 61% of the region's businesses stressing the importance of rail services according to a recent national survey.³⁰

The current issues: capacity, demand and passenger growth

Although the East Midlands is already well connected in terms of rail infrastructure, the main North-South routes already operate at or near to design capacity, especially at peak times. Over 22 million passenger trips each year take place on the East Midlands rail network, and this has grown in the five years prior to the downturn by 18%. The largest flows to and from the region are all to London. Atkins, the infrastructure group, has forecast that rail passenger demand is expected to increase over the next twenty years by 69% on the East Coast Main Line (ECML) and 84% on the Midland Main Line (MML) respectively.³¹

The East Midlands is also affected by varying journey times to London. The fastest train from Nottingham to London takes 1 hour 40 minutes on the MML while the journey from London to Newark, north of Nottingham, takes only 1 hour 15 minutes on the ECML. Although parts of Lincolnshire and Nottinghamshire have benefited from reduced journey times on the ECML, Derby and Nottingham continue to be adversely affected by the slower journey times of the MML. Although recent announcements to consider electrification of the MML could yield increased benefits a step change is required to address these disparities

THE CASE FOR HIGH SPEED RAIL

Capacity

With significant housing and employment growth planned for the East Midlands, a dedicated high-speed rail line is considered to be the only sensible way to respond to predicted rises in demand. Continued upgrades to existing infrastructure, to enable the use of longer and better trains, while offering slight increases in capacity and service levels, will not offer the step changes that high speed rail could offer and would result in further delays to existing services such as those experienced during the upgrade of the West Coast Main Line. According to the East Midlands Chamber High Speed Rail survey (EMCH) survey, businesses expect the region to benefit from additional rail capacity

from high speed rail, with their priorities being additional local or regional passenger rail services (42%); increased intercity rail services (38%), and additional rail freight services (26%).

The East Midlands is also an important location for rail freight, with two hubs accounting for between 10-15% of all UK freight movements. There is potential to move more freight onto rail and a high-speed passenger line could liberate sufficient capacity on existing rail lines to facilitate such modal shift.

Journey times

A review of possible high speed rail lines by Atkins in 2007 concluded that an East Coast option would provide substantial journey time improvements, particularly from London to Nottingham.³² High speed rail could achieve savings of 45 minutes on current journey times to London from the north of the region. The EMCH Survey 2009 found that 90% of East Midlands businesses see reduced journey times between cities as the key benefit of high speed rail. Being connected to a UK and European high speed rail network is identified as the top priority with businesses giving this an average score of 4.67 out of a possible 5 rating for importance.

Economic benefits

A high speed line running through the East Midlands would provide total regional economic benefits of £1.5 billion.³³ According to Atkins a full network with both an East and West Coast option could deliver up to £3.8 billion in economic benefits to the East Midlands.³⁴ Four-fifths of this benefit is attributed to business travel time savings.

Support for the construction of a new high speed line from the business community in the East Midlands is high, with 97 per cent of businesses indicating that they believe the regional economy would benefit from being connected to a UK and European high speed rail network.³⁵ Faster connections between cities were highlighted as the key benefit to businesses, whilst the location of a high speed rail stop was cited as a key advantage to promote economic development and encourage inward investment.

High speed rail would also uniquely benefit the East Midlands economy, and in particular Derbyshire, as there is an important cluster of business suppliers to the rail industry located in the county that would seek to exploit the growth of rail and locomotive construction as a result of new high speed rail lines.

³⁰ British Chambers of Commerce, *Waiting in Line*, 2008.

^{31, 32, 34} Atkins, *Because Transport Matters*, 2006.

³³ Greengauge21, *Fast Forward 2009*.

³⁵ East Midlands Chambers High Speed Rail (EMCH) Survey 2009 is available on www.dncc.co.uk

Concerns and issues to address

East Midlands businesses have stated that their preference would be for increased connectivity into city centre locations. Journey times, indicated as a significant benefit to the region, would be extended if onward travel from out of town stations was required. A further requirement from the East Midlands is increased connectivity to continental Europe through a link to HS1 at St Pancras. As opposed to other regions, linking any high speed rail directly to Heathrow is considered less of a priority than connecting to regional airports, reflecting the importance of local airports to the regional economy.

Conclusion

Major improvements to the transport infrastructure of the East Midlands are essential if the region is to overcome capacity constraints that could be a brake on its future growth. A high speed rail stop in the East Midlands would add significantly to the region's infrastructure connecting its businesses to markets across the UK and beyond into a rapidly expanding European high speed network.

High speed rail would also provide the opportunity to move cars and freight off the congested road networks and would help the UK deliver its climate change objectives. The region would also benefit from enhanced services on existing lines which would also support the ambitions to grow the economy and meet the needs of businesses for the future.

Introduction

Faster, more reliable and frequent transport links between Yorkshire & Humber and the rest of the UK is a key business priority. The development of a high-speed rail network is a long term infrastructure ambition which is attracting increasing support. There are major challenges to overcome, and many route options which need to be carefully considered, but businesses across the region support the immediate exploration of North-South and Trans-Pennine high speed rail because they understand it can help the region deliver future economic prosperity.

Current issues: capacity, demand and passenger growth

The rising economic tide over the past decade has put huge demands on the region's transport networks. Rail patronage has grown faster in Yorkshire and Humber than anywhere else in the UK.³⁶ Passenger growth within and beyond our cities is predicted to soar as a result of population and economic growth in Yorkshire, and it is widely recognised in the region that overcrowding on peak time local services to Leeds and Sheffield is a significant constraint on economic growth.

Despite the rising demand on our networks, Yorkshire has received less transport funding per head of population than the England average in each of the past five years, and the gap grew last year.³⁷ That lack of investment has resulted in an inefficient transport network which fails to meet the needs of existing businesses, deters inward investment and hits productivity. Over the past decade the productivity gap between Yorkshire and the England average has nearly doubled, despite strong growth in the region's major cities. The inescapable conclusion is that investment in the region's transport infrastructure is needed to support Yorkshire's economic growth and close the prosperity gap with other regions. New capacity from a high-speed network could help satisfy this demand and release untapped economic potential.

- North-South and Trans-Pennine high-speed rail links could deliver £6bn in total regional economic benefits.
- Journey times between Sheffield and London could be cut to just 78 minutes and 103 minutes to Leeds with High Speed Rail.

THE CASE FOR HIGH SPEED RAIL

Capacity

The key benefit of high speed is new North-South and Trans-Pennine capacity which will be needed to meet long term economic aspirations. Yorkshire businesses have benefitted in recent years from the additional services provided by open access operators such as Hull Trains and Grand Central.

The long term future of these services is potentially threatened as the East Coast Main Line reaches capacity and franchised services take priority. New capacity from a high speed line could provide more opportunities for open access operators on the conventional network, heralding a new age of entrepreneurship and competition in rail services.

New capacity would also deliver benefits for freight. Our region's increasingly successful ports already

handle 22% of the UK's freight, more than any other region outside of the South-East.³⁸ However, there are already major capacity constraints and, with rising road congestion, businesses are looking for alternatives. Eighty four per cent of the region's businesses say that rail is the most viable alternative for freight to the congested road network, and additional capacity is needed to support the growth of the region's sea and airports.³⁹

High speed rail, by releasing capacity back onto the conventional network, will provide the additional freight routes that are required.

Journey times

Whilst additional speed is not the most important business priority in Yorkshire, fast and frequent links to London are vitally important to the regional economy. A new line from London to Leeds could potentially cut journey times to 103 minutes. Other routes could connect Sheffield to London in 78 minutes and Hull to the capital in 1 hour 48 minutes. This would have the potential to transform the regional economy by bringing businesses closer to customers and suppliers.

³⁶ Yorkshire Futures Progress in the Region 2008.

³⁷ HM Treasury Public Expenditure Statistical Analysis 2009

³⁸ Yorkshire Futures "Progress in the Region 2008"

³⁹ YHCC Transport Survey 2008.

⁴⁰ South Yorkshire Passenger Transport Executive.

⁴¹ Greengauge 21, *Fast Forward*, 2009.

Economic benefits

The Leeds and Sheffield city-regions have recognised the potential for high-speed rail in their economic strategies; their success would help drive overall regional economic performance across Yorkshire. It has been estimated by Arup that linking the two city-regions with London via high speed rail investment could deliver £29 billion in transport benefits in addition to between £1.5 billion and £3.1 billion in productivity gains.⁴⁰

A full high speed network could deliver even more benefit. Research by Greengauge21 shows that the creation of new high-speed lines from the North to London and one across the Pennines would result in £6 billion of wider economic benefits to the Yorkshire and Humber region.⁴¹

Concerns and issues to address

Easier access to London must not be the only objective of high speed investment. Cutting journey times and increasing Trans-Pennine services, especially to Manchester, are particularly important to the region.

There are major hurdles to overcome. High-speed rail is a long term endeavour which must not swallow up already inadequate transport budgets or deflect attention from the immediate priorities for the road and rail networks. Short term capacity on rail links into Leeds and Sheffield is needed immediately and investment in the existing East Coast Main Line is a priority within the next five years.

Conclusion

High-speed rail provides an opportunity to focus on a bigger vision for transport in the UK. However, in order to deliver its full benefits it must be a UK wide network, which includes Trans-Pennine as well as North-South links. High-speed rail must also be in addition to, not at the expense of, the immediate road and rail priorities needed in the next decade before the first mile of new high-speed track is laid. But the potential benefits are huge and firing the starting gun for high-speed rail is a key part of the long term vision for transport that businesses want to see.

Introduction

The construction of a new high speed railway to the North West offers huge benefits to the region and its businesses. Economic benefits alone have been calculated at £10.6 billion.⁴² The North West sits at a crossroads between the North and South of England and Scotland. Connecting these regions together with a faster and more reliable railway network will create a new dynamic economic centre that will be able to compete with the South East, drawing in investment and tourism, while creating an improved sense of place and prestige, further boosting confidence, visitor numbers and sense of accessibility.

The current issues: capacity, demand and passenger growth

In recent years, there has been a sharp growth in demand for both passenger and rail freight services. Rapid passenger growth has meant that some lines and stations in the North West are already working at capacity, limiting any increase in train length and service frequency, in particular, the rail lines around Manchester City Centre, known as the Manchester Hub. The Hub is the most damaging rail bottleneck and the greatest single strategic transport issue facing the North of England. It impacts on rail services across the North, constraining growth in both commuter, intercity and freight services. Other key bottlenecks occur on Trans-Pennine services between Leeds and Manchester, and the West Coast Main Line (WCML). Trans-Pennine passenger numbers have increased by 63% over the last five years alone and loadings are already in excess of 100%.⁴³ On the WCML, where a major £8 billion upgrade has only recently been completed analysis undertaken by Atkins concluded that, “to meet forecast increases in demand, an expansion in rail capacity is required by 2016.”⁴⁴

Yet demand is unlikely to abate and is predicted to continue to grow strongly. Over the period from 2006 to 2026 Atkins forecasts that passenger demand will increase by a staggering 104%.⁴⁵ Over the period 2016-26, business trips are forecast to increase by 28% and 31% respectively.⁴⁶ Demand for rail freight is also forecast to increase, adding to capacity constraints on the network. With the North’s ports continuing to

grow their share of the national market and new rail freight facilities planned in Merseyside and Greater Manchester, these will add further freight to the already crowded WCML and Trans-Pennine routes to and from North West cities. In addition, it is important to factor in suppressed demand. With the recent introduction of Virgin’s Very High Frequency service providing faster journey times in December 2008, rail’s share of the air-rail market to London shot up to 77%. The case for a new high-speed network must therefore centre on the need to increase capacity to meet existing, latent and future demand. It is vital that connectivity is maintained so that North West businesses are able to operate unimpeded by transport constraints.

THE CASE FOR HIGH SPEED RAIL

Trans-Pennine Travel - The distance and geography between northern cities makes current intercity connectivity relatively slow when compared to journeys of a similar distance in the South. Trans-Pennine travel is hampered by poor rail connections around central Manchester and growing congestion on the motorway network, together holding back the development of the North’s economy.

- £10.6 billion in additional economic benefits to the region.
- 66 minutes reduction in journey times to Lond and 22 minutes to Leeds.

A Trans-Pennine high-speed line is vital to improve connectivity between principal northern city regions and deliver a host of economic, business and regeneration benefits, such as shorter journey times, expanded markets, increased capacity and improved accessibility to ports. According to the Northern Way, a link across the Pennines would amount to an additional 25 per cent in wider economic benefits of routes serving the east and west side of the country and 40 per cent to the economic benefits of the North.⁴⁷ Such a link would hugely enhance region-to-region and city-to-city connectivity creating a new economic geography for the North of England and the country as a whole.

⁴² Greengauge 21, *Fast Forward: a High Speed Rail Strategy for Britain*, (August 2009).

⁴³ Northern Rail, 2009. *Angel Trains Leases 30 class 158 diesel multiple units to Northern Rail* [online] (updated 13/03/2007) Available at <http://www.northernrail.org/news/35>.

^{44, 45} Northern Way, *North-South Connections*, August 2007.

⁴⁵ Atkins, *Because Transport Matters*, 2006

⁴⁷ John Jarvis, Transport Director, Northern Way.

North-South travel - A North-South high-speed line has a number of attractions, primarily in connecting businesses with Birmingham and London. A dedicated high-speed line would relieve demand pressures on the West Coast Main Line, freeing up capacity for existing and new services. In turn, this would help provide greater alternatives to road travel for business travellers and tourists and relieve congestion on key trunk routes, such as the M6, one of the busiest motorways in the country. Such benefits would be maximised by links to key London rail hubs, in particular St Pancras, allowing direct connections to High Speed One and continental services, increasing substantially the reach of North West businesses and opening up competition via rail on a European scale.

The poor experience of the recent upgrade on the WCML that ran significantly over budget and schedule, impacting on companies due to severe delays and loss of business, and requiring £500 million in compensation to train operating companies alone, has made the development of a new dedicated high speed line all the more attractive and potentially better value than further upgrades to existing lines.

Economic Benefits

The business benefits of high speed rail to the North West do not stop at merely faster journey times and more intensive services. Accessibility will be vastly improved between cities providing enhanced business-to-business access, expanded markets and increased competitiveness. These wider economic impacts, taking into account the beneficial effect of increased productivity via agglomeration benefits, have been estimated to provide £10.6 billion to the North West region over 60 years.⁴⁸ According to the Northern Way the growth in productivity resulting from a new North-South and East-West network could yield increased productivity in the range of £15 to £20 per worker.⁴⁹

The presence and the services offered by HSR have the potential to change perceptions on an international as well as national scale. Reduced journey times could impact dramatically on inward investment and tourism and the improved sense of place and accessibility will, amongst other things, boost confidence, visitor numbers and exposure.

Conclusion

It is essential that the North West is included on an HSR network and that it provides connections across the Pennines to the North East, and southwards to the Midlands and London. These must connect with existing rail hubs, in particular High Speed One, in order to maximise the benefits to businesses in the region. It is clear that if the North West is ever to achieve its economic potential, an East-West Trans-Pennine high-speed line must form an essential element of any network and, in terms of regional output, would deliver the greatest economic, agglomeration and capacity benefits. If the Government is serious about closing the economic output gap between the North and South of the country, it must listen to the growing body of evidence detailing the heavily weighted economic benefits of locating a high-speed network in the North.

⁴⁸ Greengauge 21, *Fast Forward* 2009.

⁴⁹ Steer Davies Gleave, *North-South Connections*, 2007.

Introduction

When George Stephenson masterminded the creation of the first public railway between Darlington and Stockton in 1825, he established a special place for the North East in the industry's history. Nearly two hundred years later, it is vital for the region and its businesses that the North East continues to play a full part in rail's future.

Current issues: capacity, demand and passenger growth

Today, the technology which was born in the North East still provides a vital service for the region connecting its businesses and acting as a vital conduit for tourists coming to the North East. Approximately five million North East passengers use services on the East Coast Main Line every year. The service is impressive; connecting Newcastle to central London in slightly less than three hours for the fastest services, and to Edinburgh in half that time. But future threats – particularly capacity pressures – put the continuing reliability of this line at risk.

Capacity typically reaches 80% on stretches of the East Coast Main Line, with significant overcrowding at certain times. Demand on the line is forecast to increase by 69% over 20 years. As the line is overstretched the ability of businesses to connect to markets and attract skilled and talented labour will diminish, threatening the North East's economic vitality. While there are proposals to trial a new generation of inter-city trains on the line from 2012, at present Government's approach to addressing this pressure is inadequate. If higher growth trends seen before the economic downturn resume in a recovery, then the long distance capacity improvements currently planned by Government will provide a very temporary solution, possibly being outgrown within a decade. This represents a very real threat to North East businesses that rely heavily on rail infrastructure, especially since the recent loss of direct flights from Durham Tees Valley to London Heathrow.

- Economic benefit: £2.2 billion
- Journey time impact: Newcastle to London cut from 2hr 50 mins to 1hr 44 mins
- Capacity: Potentially 15,000 passenger journeys per hour

THE CASE FOR HIGH SPEED RAIL

Journey times

For businesses, transport means access to markets. The North East's relative peripherality from London and the South East makes fast and efficient transport essential to serve these markets. However, the region

is also an important strategic link between two of the UK's capital cities, meaning it is ideally located to serve both if good access between them can be ensured. Rail links to other core cities, particularly cross-Pennine, are at present slow and a hindrance to good trade links.

High speed rail has the potential to cut more than an hour off journey times from Newcastle to London, with the journey possible in 1 hour and 45 minutes. Travel time to Manchester could be reduced to only one and a half hours cutting an hour off current times.⁵⁰ Links north to Edinburgh, also poorly served by the road network, could drop to just 45 minutes.⁵¹ Such reductions in journey times could significantly add to the attractiveness of the North East as businesses look to invest while limiting leakage away from the region.

Capacity

Reducing journey times from the North East to London in particular will clearly benefit the region but a more immediate concern relates to capacity rather than speed. Demand is expected to exceed capacity by 40% on some sections within a decade. High speed rail offers a major opportunity to add the extra capacity needed.

It would therefore be wrong to assume the high share of journeys from the North East to London, presently taken by rail (52%), indicates no investment is needed on this route. Rather, it is a key link which is neglected at our peril.

A corollary benefit of a high speed line could be to free capacity on the existing main line. This would support improved commuter services into the city regions of Tyne and Wear and Tees Valley that face severe congestion at key times, and facilitate better connections between the two. This will be critical for businesses which operate across the region and will increase the attractiveness to companies looking to invest in the area.

Economic benefits

For the North East, high speed rail will represent a substantial tool for economic development. Linking the region into a high speed network will provide £2.2 billion in total regional economic benefits.⁵² The annual productivity gain which could be gained from agglomeration benefits generated by high speed rail connections is higher for the North East as a proportion of regional GDP than for any other region.

^{50, 52} Greengauge21, Fast Forward 2009.

⁵¹ Scottish Parliament, National Express submission, 2008.

For businesses, a number of opportunities will be created. Faster, more reliable links into other regions will broaden the scope for North East businesses to serve markets elsewhere in the UK. Similarly, as other areas, in particular the South East, continue to experience pressures on infrastructure, companies will seek more flexible locations to operate from. A sub two hour link will offer a very attractive proposition, offering new opportunities to relocate or outsource service functions to other regions, creating further business opportunities for areas connected to a high speed network. While this could stimulate the labour market in the North East, it will be incumbent on the region to continue to develop ambitious economic strategies which will ensure higher value jobs are also attracted.

The North East's recent designation as a Low Carbon Economic Area highlights the region's ambitions to become a vehicle for the UK's long term and sustainable economic growth. Its expertise in the process industries and plastic electronics has also been recognised through the Government's New Industry New Jobs strategy. If the value of these specialisms is to deliver benefits for the UK as a whole, it is vital that the North East is tied into an effective transport network so the businesses delivering such technologies are within close reach of other UK regions. High speed rail offers a clear solution to the region's current infrastructure issues while creating a platform for future growth.

Concerns, issues to address

While connections to London are important for the North East, it is not the only market the region must connect to. Sales to London from the North East as a proportion of the region's GVA are lower than all other English regions. Ensuring transport networks connect effectively to Scotland and to other core cities in England such as Manchester and Leeds is crucial to North East business. It should be noted that East-West rail infrastructure presently fails to match lines running North-South.

Road links from the North East to the two capital cities are at present inadequate. While road travel to London is impractical for many journeys, this should not obscure the fact that Newcastle is the only one of England's core cities not connected to the motorway network. Road travel to Edinburgh, meanwhile, involves substantial stretches on a single carriageway road on which the effective speed limit is 40mph due to restrictions on HGVs. This highlights the importance of rail in ensuring the region has access to other UK markets.

The connectivity across the Tyne and Wear City Region created by the Tyne and Wear Metro system, currently undergoing a £300m renewal, means businesses around the area would be placed within minutes of a high speed station. Further south, the potential for a similar light rail system to be created in Tees Valley is being progressed. This could mean that the new line would tie into the Darlington-Stockton line where Stephenson's rail revolution began. For those with a sense of history, this may appear fitting. More importantly for North East businesses, it will be economically transformational for the region and the country.

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The 'Lille effect'

All cities distant from a capital look to the so-called 'Lille effect' as a sign of what can be achieved through investment in high speed rail. The establishment of a high speed rail hub in the previously industrial French city formed part of a co-ordinated development plan which included new office buildings, a substantial conference and events centre, reorganisation of local universities and modern retail schemes. Clearly these happened by design, but the transport connections proved a highly effective catalyst. Lille was able to take advantage of the European TGV network, placing it at the centre of three capital cities. The UK's geography naturally makes this harder to replicate, but the North East would find itself ideally located between London and Edinburgh with excellent links to both.

Introduction

The debate about high speed rail has progressed rapidly over the last six months, yet almost all proposals so far have failed to include Wales. With its rich mining heritage and experience of once staple industries now in decline it could be said that of all case studies Wales most closely matches that of Lille. Whereas Lille has seen rapid growth and investment due to its inclusion on France's high speed network, Wales appears to be missing out on the opportunity. This must not happen. Welsh business has continually complained that present rail planning and investment is too London centric with current proposals branching out from London to the North and to Scotland. Capacity issues on the Great Western line are already starting to impede the ability of businesses to operate effectively. With the recent announcement of electrification to Swansea it is vital that plans are made at the outset to make preparation for a future high speed line to Wales. As plans for a UK wide high speed network are taken forward Wales must be included as a matter of priority.

Current issues: capacity, demand and passenger growth.

As with all parts of the country, demand for transport in Wales has increased dramatically. Rail infrastructure on the western route to Wales is among the most fragile in the UK. It experiences some of the highest rail usage, with huge demand for commuter, freight

- Economic benefit: £2.2 billion.
- Journey time impact: Newcastle to London cut from 2 hr 50 mins to 1 hr 44mins
- Capacity: Potentially 15,000 passenger journeys per hour

and leisure use. In 2006/7 21.9 million rail passenger journeys either started or ended in Wales, an increase of 9% compared to the previous year,⁵² while Network Rail predicts that demand on the Great Western Line is set to grow by 31% in 2019.⁵⁴ Ongoing modernisation and maintenance, such as the recent announcement to fully electrify the Great Western Main Line are welcome, but it is vital that new infrastructure is fully considered in order to cope with future demand.

Transport links to the rest of the UK and to Continental Europe are crucial to the economic prosperity of the area. Equally, Wales is a notable tourist destination. In 2007, an estimated 987,000 overseas visitors came to the country. With more and more people choosing to holiday in the UK, either for environmental or cost concerns, the demand on Welsh railway traffic is set to increase.

Welsh railway use is not constrained purely to people visiting. Roughly 70% of travellers to and from Wales utilise English airports, particularly Heathrow, highlighting the requirement for better and more reliable links with London. Current travel between South Wales and Heathrow is constrained by the absence of a direct train, requiring a change at Paddington or Reading that adds significantly to journey time and, more significantly, to Wales' ability and that of its businesses to connect to the rest of world, limiting productivity.

THE CASE FOR HIGH SPEED RAIL

Journey times

High speed rail to Cardiff has the potential to reduce journey times from London to the Welsh capital to 70 minutes. Currently, First Great Western services can only travel at 125mph between London and Bristol Parkway, while the speeds that can be attained in South Wales are much lower. Between the Severn Tunnel and Newport the maximum line speed is 90mph, whereas between Cardiff and Swansea the maximum speed on the majority of the line is 75mph.

High speed rail offers the potential to dramatically reduce these times. With a direct connection to

Heathrow, the journey time between Heathrow and Swansea can be halved from three hours to just over an hour and a half. Such drastic reductions will allow Wales, and the West of England, to promote themselves to international business as a location offering fast connections to Europe's main hub airport and, with a link

to HS1, the continent too. Faster commuter travel will also significantly widen the labour pool for businesses on both sides of the border.

Capacity

With official forecasts suggesting passenger demand will increase 35% by 2015 and to 48% by 2026 the need to factor in future demand on capacity now is clear.⁵⁵ High speed rail offers significant advantages over conventional rail. Larger trains travelling on high speed lines provide up to 50% higher seating capacity than on a conventional inter-city train, and quicker journey times will allow increased frequencies while increasing the throughput of passengers.

⁵² Welsh Transport Statistics 2008 is available at <http://wales.gov.uk/topics/statistics/headlines/trans2008/hdw200812161/?lang=en>

⁵³ Network Rail.

⁵⁴ Network Rail, Connecting Local Communities, 2009.

High speed rail will furthermore strengthen the case for a Mid-Wales Line which would provide rail access to Rhayader, Builth, Brecon and Hay for the first time in almost half a century. Such a development will provide much needed intra-Wales railway transport links, and therefore take the pressure off road infrastructure. Travelling by rail from stations on this line via Cardiff to South West England or to London will become a far more attractive proposition.

Economic benefits

The progress high speed rail has made in presenting its case for a North-South line has opened up the possibility that Wales will not only have to compete with Bristol for new employment opportunities and investment but will be for the first time in direct competition with cities such as Newcastle and Leeds. High speed rail connections will open up the West of England and Wales to wider labour markets and increase investment. The wider economic benefits to both regions have been calculated at £1.4 billion.⁵⁵

A high speed network will enhance the position of Wales and its major cities within the UK, providing faster and more efficient access to a host of world class facilities; for example, the Millennium Stadium and the World Conference Centre being constructed in Cardiff. Increasing Welsh and UK connectivity will allow Wales to continue to build on its impressive ability to attract investment, such as the proposed UK Ministry of Defence Technical College in St Athan, South Wales, which will see more than 20,000 visitors a year and £12 billion of new investment, creating a global hub for doing business.

Opportunities for international trade and inward investment are two major concerns for businesses in Wales. High speed links to the UK's only major hub airport, Heathrow, will provide excellent links to global markets, thus maintaining existing overseas relationships, developing new orders and encouraging entrepreneurs to exploit financial opportunities. A direct link to the airport will also be instrumental in advancing the case for modal shift as it would become much more attractive to travel to Heathrow via rail, removing the current requirement to change at Paddington or Reading.

Conclusion

High speed rail must at the outset be considered in the vein of a full UK network. The construction of new lines that go North to South will bring new competitive pressures to the Welsh economy, as it will face new challenges from northern cities. A Welsh high speed line must be considered at the outset so that Wales is not left out of the economic dividend that will come from this new infrastructure. Above all Welsh businesses demand a direct link to

Heathrow the UK's only major hub airport, linking Wales to the global economy. Planning for future infrastructure improvements must begin now. Businesses within Wales feel it is imperative that there is a case for strong West-East transport links and that Wales does not fall below the radar of the current strong North-South developments for High Speed Rail.

Introduction

Scottish Chambers of Commerce have long been supportive of the development of a UK high speed rail network. Scotland's cities are geographically more remote from London than other principal UK conurbations with rail journey times typically between four and five hours to London. Scottish business believes that new high speed rail infrastructure will drastically reduce time-costs on existing journeys and make new ones feasible. With quicker journey times, air travel will face serious competition, with the added advantage that it is possible to work for a greater proportion of the journey, increasing general productivity. Linking Scotland to the rest of the UK with faster links has been estimated to provide nearly £20 billion in wider economic benefits to the country. Such a prize cannot be delayed, and planning between the Scottish and UK governments must begin in earnest immediately.

Current issues: capacity, demand and passenger growth

Capacity constraints on the East and West Coast Main Lines are having serious knock-on effects for Scotland, its businesses and its economy. Current high load levels mean that these lines are severely restricting access to Scotland. Adding in weekly closures every weekend for maintenance and the economic case for new capacity to allow alternative route options becomes ever stronger.

Rising demand is unlikely to abate over the long-term. East Coast Main Line (ECML) passenger numbers are projected to grow by 69% and on the West Coast Main Line (WCML) by 104%. Network Rail's latest figures for 2036 predict rises of between 14% and 78% for London-Glasgow, and for London-Edinburgh between 43% and 109%.⁵⁸ The development of a dedicated North-South HSR line would also provide the additional benefit of freeing up capacity on the existing rail network, which could in turn be used to extend rail freight services between Scotland and England.

- £19.8 billion economic boost
- Less than 3 hours Scotland-to-London travel time
- Proportion of rail journeys increasing from 17% to over 65%

THE CASE FOR HIGH SPEED RAIL

Journey times

The key advantage to Scottish businesses of High Speed Rail is in reducing journey times between Scotland and London. High Speed Rail will significantly reduce these times to less than three hours, opening up the possibility for modal shift from air to rail. There were around 7 million air and rail trips from Glasgow and Edinburgh to London last year. CAA statistics for 2008 show 6.05 million air passengers between London Airports and Central Scotland. Rail accounted for just one in six of central Scotland-to-London journeys, and is not generally time-competitive with air travel.

French experience suggests that a three-hour journey time will ensure a share of 60-70% of the passenger markets. Before the introduction of the TGV Mediterranean service between Paris and Marseille in 2001, rail held only 22% of the market. Within four years of the introduction of the TGV service that figure had risen to 65%.

Rail travel has the added advantage that it is possible to work for a greater proportion of the journey time than in airports/aircraft, rendering the journey time itself more productive. These factors are particularly important for Scottish business, adding significantly to productivity and improving time management during essential business travel. Reducing journey times to key UK cities will also

increase the attractiveness of Scotland as a place to do business, boosting inward investment and improving the competitiveness of indigenous firms.

Capacity

Enhanced cross-border rail capacity will benefit the Scottish tourist industry and provide stronger business linkages to London and other UK cities. The WCML is often seen as a case in support of providing new, rather than upgrading existing, lines. The logistics of upgrading a busy operational railway were such that the near £10bn, 10-year, WCML upgrade (which caused long-term disruption) delivered a route that may still reach full capacity in 2016, and an average speed increase of only 10mph. Similar such enhancements could have the potential to cut Scotland off from the rest of the UK as they are upgraded. Only new lines can deliver the step change required without the severe disruptions experienced on the WCML.

⁵⁸ Scottish Chambers submission to the Scottish Parliament Transport, Infrastructure and Climate Change Committee 2008.

⁵⁹ Greengauge21, *Fast Forward* 2009

Economic benefits

Greengauge21 calculates that a high speed network reaching Scotland would deliver economic benefits of £19.8 billion.⁵⁹ Network Rail studies show that Scotland-London HSR revenues could cover its operating costs, thus requiring no on-going subsidy.

Some high-value sectors respond particularly well to transport improvements, particularly important sectors for Scotland such as financial and professional business services. Scottish Enterprise noted that some of Scotland's priority industries (financial services, food and drink and tourism) would benefit from HSR. There is a danger that high-speed rail serving only English cities would see Scotland significantly disadvantaged and become less attractive as a place to do business.

Shorter journey times and better links to the capital are also likely to have a positive effect in terms of regeneration in Scotland's central belt.

Scottish and UK Governments have targets to reduce greenhouse gas emissions by 80% by 2050. Although high-speed rail potentially requires more energy than current trains, it requires much less than aircraft, a factor that makes a high speed rail network to Scotland more attractive as it has the potential to seriously compete with aviation.

Concerns, issues to address

Scottish businesses believe that a high speed network must extend to Scotland if the full benefits of this technology are to be achieved. Importantly for Scottish business, the priority is a London link.

In view of capacity pressures and market size, it seems most likely that a HSR network will begin between London and Birmingham, stretching to Manchester and Leeds later with the possibility of a route via Heathrow. Such an approach has significant dangers for Scotland, comparatively diminishing connectivity by delays in extending northwards. Suggestions that rolling stock could run concurrently on HSR and conventional rail so that a train running from London to Birmingham on HS2 and onwards to Glasgow on the WCML creates a strong possibility that a full high speed connection to Scotland would never happen.

For these reasons, we feel it is important that work on the Scottish section of a HSR network is undertaken in parallel with work in the South. The Scottish sections of the existing Anglo-Scottish network have the lowest operating speeds, so the biggest savings in journey time would be gained by starting construction at the northern end.

HSR cannot be considered as a single line but as a network connecting up the major cities of the UK and Europe. As the European network of HSR expands, it may be an absolute disadvantage to be disconnected from it. It is important that the UK's High Speed Rail network links into HS1 and the European networks. From a Scottish point of view, this would widen the range of options for travel to and from continental Europe.

It is also important that the benefits of HSR are felt not just in the central belt of Scotland, but also across the country. Scotland's regional rail network will require investment in order to facilitate linkage to the HSR network, and we are supportive of Scottish Government plans for extension of electrification throughout the Scottish rail network.

Conclusion

A High Speed Rail network would substantially reduce rail journey times to and from London, boost the Scottish economy, meet the growing needs of domestic travellers and facilitate modal shift from air to rail, contributing to a reduction in carbon emissions.

NOTES





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