



Strategic Transport Leadership Board

13th May 2022

Agenda Item Number 8

Business Unit Update

Recommendation:

It is recommended that the Board:

- a) Notes progress on EEH's work to support the East West Rail Strategic Business Case**
- b) Notes the progress of MRN schemes in the region**
- c) Notes the update on DfT in-year funding projects**
- d) Notes the update on the Oxford to Cambridge Road Study**
- e) Notes the amended version of the Levelling Up Regional Narrative**

1. East West Rail strategic narrative

- 1.1. Work to strengthen the strategic narrative of East West Rail has commenced and is due to conclude by the end of June 2022.
- 1.2. This is intended to support the wider narrative for East West Rail, beyond those outputs captured by a WebTAG compliant business case.
- 1.3. To help define the wider transformational benefits that the scheme will bring to the region, three packages of work have been commissioned:
 - Consolidating the strategic case for East West Rail: Jointly funded by EEH and the East West Railway Company, this work by Steer includes a review of the local, regional, and national strategic cases for East West Rail and how it aligns with known local economic and housing growth plans. One to one engagement meetings have been held with all the transport and planning authorities in the region to determine the significance and reliance of EWR in local growth plans beyond the local plan period. The study also includes a literature review which will summarise existing evidence regarding the strategic case for East West Rail and an assessment of station catchments (based on different modes), to better understand the local impact of East West Rail

- Strategic modelling: Jointly funded by EEH and the East West Main Line Partnership, Steer has been commissioned to undertake quantitative strategic modelling of the benefits of East West Rail (Oxford-Cambridge and the Aylesbury link) including economic impacts and modal share to provide the evidence-base to demonstrate the impact of investing in East West Rail for the region and the country as a whole. The project utilises the land use transport model already developed by Steer.
- Business imperative for East West Rail: Funded by the East West Main Line Partnership (but being managed by EEH as its secretariat), a specialist business communications agency has been commissioned to capture the business imperative for East West Rail. Work progressed to date has included a messaging workshop with LEPs. Over the next month a number of businesses in the region will be interviewed to understand the transformative impact of East West Rail on their future plans. These will become case studies in a short, snappy document to be produced by the agency.

2. Major Road Network 2020-2025 Update

- 2.1. Following the recommendation of the Strategic Transport Leadership Board in February 2022, EEH submitted a response to DfT confirming that the Board continued to support and promote all the MRN schemes in the EEH region due to their strategic fit against regional priorities.
- 2.2. The response also informed DfT that the Bedford Western Bypass would be outside of the current MRN timescales so we would not be taken forward as part of the 2020-2025 MRN programme but EEH would continue to support and promote the scheme.
- 2.3. EEH's approach was welcome by DfT.
- 2.4. The schemes that are still being progressed in the region in this MRN RIS period are:
 - Aylesbury Eastern Link Road, Buckinghamshire
 - Ely to Cambridge A10 Junction and Corridor Improvements
 - A1139 University Centre Access Peterborough
 - A10 Corridor Scheme, Broxbourne, Hertfordshire
 - Vauxhall Way Improvements, Luton
 - A509 Isham Bypass, North Northamptonshire
 - A43 Northampton-Kettering Phase Three, North Northamptonshire
 - Century Business Park Access Road, Luton
- 2.5. EEH officers have subsequently met with DfT officials, as well as holding further meetings with local authority officers who are promoting MRN schemes.
- 2.6. DfT has confirmed that, following recommendations made from all seven STBs, further work is now underway with the Treasury to understand availability of funding and its implication for the MRN programme going forward.

3. Update on in-year funding projects

- 3.1. In September 2021 DfT confirmed that additional in-year funding for 2021/22 was to be made available to the STBs to support key DfT priorities and reinforce the role of STBs as key strategic partners.
- 3.2. The funding has now been received. It is anticipated that all projects will be delivered within the current financial year. Progress on each of the schemes is as follows:



- Decarbonisation: EEH was awarded £100,000 (as part of a package of £300,000 for EEH, Transport East and Transport for the South East). EEH are leading on the delivery of this work on behalf of all the STB partners. We have developed a project brief and specification and procurement is currently out to tender through the Crown Commercial Services Framework. The procurement process should be completed and consultants in place in June 2022.
- Electric vehicle infrastructure: £100,000 (as part of a package of £200,000 for EEH and Transport East). Transport East are taking the lead on this project and are in the process of commissioning this on our behalf.
- Buses £100,000 (as part of a package of £300,000 for EEH, Transport East and Transport for the South East). TfSE are leading this commission on behalf of the STBs and are currently undertaking a procurement process.
- Capacity and capability: EEH was awarded £125,000 to deliver inhouse capacity and capability support. We have seconded additional resource to support this project. The early stages of the project will include the development of a work programme – including establishing governance arrangements. There will also be a desktop review of the work already undertaken to identify challenges and opportunities for the effective delivery of major schemes. This is to determine what the key pinch points or issues that our local authority partners have experienced in the development of their MRNs. Finally, there will be a review of current MRN schemes to identify how we could have or can improve the process – where the pinch points are and how we could support or mitigate these – to more effectively deliver MRN schemes by our local authority partners.

4. Oxford to Cambridge Connectivity Roads Study

- 4.1. The EEH Strategic Transport Leadership Board received a presentation on the 'Oxford to Cambridge connectivity: roads study' at its meeting in September 2021 and subsequently an overview of the study's objectives, outcomes and timeline were provided to leaders at a meeting on 18 January.
- 4.2. The project focuses on defining an appropriate level of service for the strategically important road network and reviews how investment could best be prioritised to deliver that level of service in the region. The study will broadly follow the DfT's three stages for a strategic study as follows:
 - Stage 1 – Evidence and identification of the problem
 - Stage 2 – Identification of options
 - Stage 3 – Value for Money
- 4.3. The study has considered a broad range of evidence to develop a detailed understanding of issues in the area. The consultants, informed by a steering group that includes England's Economic Heartland, have considered these in line with the agreed objectives and outcomes and the results of the analysis is currently being finalised.
- 4.4. The outcome of this stage of the project will be a package of locations where transport interventions are required to address their current challenges. These will be taken forward to the subsequent stage of the study.
- 4.5. It is intended that EEH officers will hold briefing meetings with partner local authorities in June. National Highways will present the findings of the study to the Board in July 2022.

5. Levelling Up narrative

- 5.1. At the previous meeting, Board members considered a draft regional narrative that highlighted why investment in the Heartland was crucial to unlocking opportunities for our residents, businesses, and environment, and also for wider UK prosperity.

- 5.2. Following feedback, the final narrative is set out in annex 1. The narrative attempts to set out the Heartland's unique value to the UK economy and how its success benefits the wider UK. It also highlights the need for levelling up within the Heartland, where there are significant disparities in wealth and pockets of high levels of deprivation.
- 5.3. The narrative makes the case for investment in the region based on four pillars:
- The Heartland generates the tax revenue required to fund levelling up across the country
 - Our businesses and universities are key ambassadors for 'Global Britain'
 - The performance of our transport system is vital for logistics and union connectivity
 - Emissions from transport are a particular challenge in the Heartland – the UK will not reach net zero without investment in the region.

Suzanne Winkels

Principal Technical Lead

May 2022

Levelling Up Narrative – England’s Economic Heartland (EEH)

The EEH region is a net contributor to the Treasury with potential for further growth which will support the government’s ambitious levelling up agenda across the UK. Its world-leading businesses and institutions play a key role for Global Britain on the international stage.

However, our future success cannot be guaranteed. The region faces several major challenges, including supporting significant housing growth to meet the needs of growing local economies and communities. This growth is adding pressure to infrastructure that is already under strain. With the right investment, these challenges can be overcome and indeed unlock opportunities for the benefit of both the UK and the region. If not addressed, they will place a brake on the UK economy while also risking the country’s ability to meet legal targets on decarbonisation.

Connectivity challenges could put the brakes on our economic success, which itself has a key role in supporting levelling up not just in this region, but across the country

As the Levelling Up white paper acknowledges, levelling up other parts of the country should not mean ‘dampening-down’ places such as the Heartland. Our region is a world-leading economic area, founded on science and technology innovation, powered by a network of world-leading universities and research centres. And, with the right investment in infrastructure, it has the potential to achieve even more.

Its economic success benefits the UK more widely, with the Heartland being a net contributor to the Treasury. In 2019 the region’s GVA stood at £168 billion, equating to almost 9% of UK total GVA. Economic growth between 2012-2019 was 35% compared to 30% nationally. The tax receipts generated in the Heartland supports levelling up across the country.

However, the region’s headline success to date should not mask the very serious challenges facing the Heartland, which will only be exacerbated by a rapidly increasing population. As the National Infrastructure Commission warned, our future success cannot be taken for granted: failure to address these challenges will limit the region’s ability to support UK-wide levelling up.

High house prices and low levels of affordability, exacerbated by poor transport links, is a serious issue in the region, constraining the supply of labour. The NIC’s 2019 report, ‘Partnering for Prosperity’ said: “workers at all levels are being priced out of local housing markets, restricting firms’ access to labour and impacting upon competitiveness.”

In quarter three 2019 the ratio of median house price to median gross annual earnings in the region was 9.25 compared to 8.15 nationally. In Cambridge, Oxford and parts of Buckinghamshire and Hertfordshire, the ratio is over 12. Yet in other places, including Swindon, Peterborough, Fenland and parts of Northamptonshire, the ratio is under eight.

This is why improved transport connectivity is so important – linking affordable places to live to jobs, skilled workers to ambitious businesses.

The Heartland is taking on major levels of housing growth. Growth in current local plans will equate to an increase in population of around 1.3 million people¹ – that’s a 25% increase from the current population of 5.1 million. If delivery was to continue at the yearly rate of current local plans, the population will have increased by around two million by 2050 (40%).

¹ Number of homes multiplied by average size of English household, 2.4

However, this level of housing growth must be supported by appropriate investment in infrastructure – to enable sites to be delivered and ensure they are sustainable and do not have an adverse impact on existing communities and infrastructure.

EEH's evidence base shows the scale of congestion in the region and the unreliability of journey times, which has an impact on business productivity. Indeed, in significant parts of the Heartland, productivity levels remain below the UK average (only 11 out of 37 planning authority areas as at 2019 were above the English average for GVA per hour worked) and are consistently below that of our global competitors.

Despite our headline economic success, our region contains significant pockets of deprivation and inequality, and issues with affordability

As the Levelling Up white paper acknowledges, 'pockets of affluence and deprivation may exist in the same district. Indeed, many of the worst areas of deprivation are found in the UK's most successful cities'. The Heartland is a case in point, marked by high levels of inequality and pockets of significant deprivation (in rural as well as urban areas) which need to be addressed.

More than 800,000 people in the Heartland are living in the top third most deprived planning authority areas in England, accounting for 15% of the total population. These five authorities (in order of most deprived, based on 2019 boundaries) are Fenland (a predominantly rural area), Luton, Peterborough, Corby and Northampton.

Thirteen of the Heartland's planning authority areas (based on 2019 boundaries) contain neighbourhoods which are amongst the 10% most deprived nationally: Fenland, Peterborough, Northampton, Daventry, Wellingborough, Kettering, Corby, Bedford, Luton, Hertsmere, Milton Keynes, Oxford and Swindon.

In addition, East Northamptonshire, Kettering, Luton, Peterborough and Wellingborough are identified by government as 'priority one' areas for its levelling up fund.

There are also significant variations in life chances within the same towns and cities. For example, the life expectancy of boys in the Northfield Brook estate in Oxford is 75.5, almost 15 years lower than their peers in Oxford North – just six miles away. Similarly, in the Harpur ward in Bedford, life expectancy at birth for males is 71.6 years: less than five miles away in the Oakley ward, it is 86.9 years.

Experian Mosaic data shines a light on the diverse nature of households in the region. Nearly 10% of Heartland households are classed as 'family basics', characterised 'as those with limited resources who must budget to make ends meet'. In places such as Aylesbury, this is as high as 21%. A further 7% of the region's households are made up of 'transient renters' - single people privately renting low cost homes, often in terraced housing, for the short term. This is as high as 14% in Milton Keynes and Northampton.

The affordability of housing is also having a significant impact on our residents' quality of life alongside businesses' ability to access the right skills. For example, in the third quarter of 2019 in the Three Rivers district in Hertfordshire, the ratio of median house price to median gross annual residence-based earnings was 14.53, compared to the national average of 8.15. Of the 38 planning authorities in the region as of 2019, 15 had affordability ratios of more than 10, and only seven were below the national average.

The Heartland is vital for Global Britain: its universities and businesses help the UK compete on the international stage



The Heartland is the UK's Silicon Valley. The UK's competitiveness on the global stage is in large part down to what happens in our region: our world class universities; science parks, laboratories, and iconic venues such as Silverstone, Pinewood and Elstree around which world class clusters have formed.

- More than one in 10 of the UK's knowledge sector jobs are in the region's cutting-edge science parks, research institutions, businesses and incubators, creating an innovation ecosystem that is globally renowned.
- The number of enterprises in the Heartland grew by 28.3% between 2013-2019, ahead of the UK average of 25.4%.
- Five of the six places identified in The Centre for Cities' Fast Growth Cities group - Cambridge, Milton Keynes, Oxford, Peterborough and Swindon - are located in the Heartland.
- The universities of Oxford and Cambridge continue to be ranked among the top three in the world
- Luton Airport is the biggest private aviation hub in the country and fourth biggest in Europe. It is the fastest growing major airport in the UK, with a new enterprise zone focussed on aerospace and advanced engineering

The region is finding solutions to global challenges including the COVID-19 vaccine and green technology.

The Heartland creates the innovation, enterprises and intellectual property which are then spun out beyond the region, creating jobs and prosperity across the UK.

As the Levelling Up white paper states: "It is vital that we preserve and enhance the economic, academic and cultural success stories of the UK's most productive counties, towns and cities."

The Heartland's location in the centre of the country makes the performance of its transport network vital for union connectivity and logistics

The high number of 'through journeys' across our region by HGVs and LGVs makes the performance of the Heartland's strategic and major road networks of particular importance to the UK.

The region is at the heart of the 'Golden Triangle' for logistics with many of the world leading distribution companies already operating national distribution centres here.

Our strategic infrastructure already accommodates significant freight flows linked with international gateways at Felixstowe, Southampton and London Gateway, with shippers forecasting long-term growth in these flows in response to economic growth and the use of global supply chains.

The country's fifth busiest airport, London Luton, is located in the middle of the region, while Heathrow and Stansted (the first and third busiest airports) are located on our borders. Between them, they served more than 126 million passengers in 2019, and handled nearly 75% of the UK's air freight.

The strategic importance of the Heartland's transport system is demonstrated by the inclusion of a high number of UK transport network corridors proposed in the region in the Union Connectivity Review.

Emissions from transport in the Heartland are higher than elsewhere: the UK will not achieve net zero without investment in the region

The Heartland will play a critical role in supporting the government's target of net zero no later than 2050.

The transport sector is the biggest single emitter of carbon in the UK. The challenge of reaching net zero transport emissions in the Heartland is significantly steeper than other parts of the UK, which is why investment in public transport, active travel and digital connectivity is so important.

The Heartland accounts for approximately 10% of the UK's carbon emissions from surface transport. Emissions per capita are 30% higher than the UK average (2005-2020), and are growing faster, too.

The region has a diverse range of transport needs, owing to its relatively low number of primary economic centres, a large number of small and medium sized market towns, and large rural areas. As of the 2011 census, just under two million people lived in the 15 most populated cities and towns in the Heartland, accounting for 41% of the total population. Nearly 35% of Heartland residents live in small market towns (under 30,000 population) and their rural hinterlands, compared with 23% in England and Wales.

It means that across the Heartland, people are more likely to travel longer distances to work, more likely to do this by car, and more likely to own multiple vehicles, than the national average.

Nearly 60% of road and rail emissions in the Heartland are from cars, 22% HGVs and 16% vans. Some 44% of all road emissions occur on the strategic road network, while the rest is on local authority managed roads (30% minor roads and 26% major road network).

Our modelling shows that the move to electric vehicles, while important, will not be enough for our transport system to reach net zero. Reducing the need to travel and where it is necessary, shifting this to sustainable modes, is required.

The level of congestion on our roads also directly affects people's health. There are around 80 air quality management areas (AQMAS) in place across the Heartland to improve air quality, with the vast majority relating to the harmful impact of nitrogen oxides (NOx) caused by road traffic.

**England's Economic Heartland
April 2022**