ATKINS

MAXIMISING THE GROWTH & REGENERATION BENEFITS OF HS2

FINAL REPORT

MARCH 2014

Plan Design Enable

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Summary

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Background to the Study

The independent High Speed 2 (HS2) Growth Taskforce was established by government to examine how the full economic potential of HS2 can be unlocked. In October 2013 the Taskforce published 'The Challenge' document that set out key themes for how economic growth could be maximised.

Atkins was commissioned by the HS2 Growth Taskforce to undertake research to assist the Taskforce in making recommendations related to two of the key themes identified in 'The Challenge'; 'connecting markets, businesses and people' and 'unlocking regeneration and development' (as shown in Figure 1).

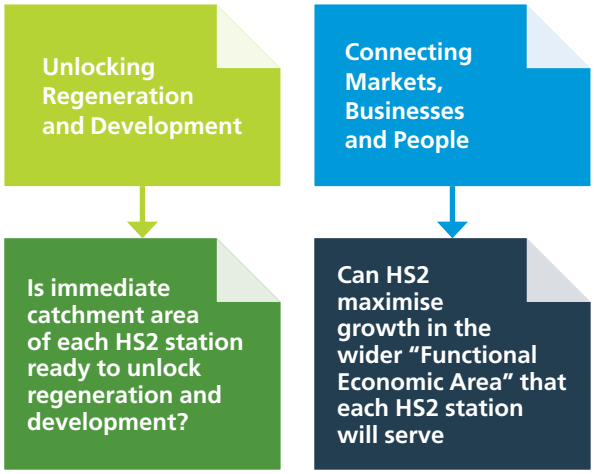

Figure 1. Economic impacts of HS2

Research scope and objectives

The research has examined the HS2 stations that form part of the HS2 Phase 1 and Phase 2 proposals as set out in the HS2 Phase 1 Hybrid Bill and HS2 Phase 2 consultation documents , i.e.

- Phase 1 – Birmingham Curzon St, Birmingham Interchange, London Euston, Old Oak Common.
- Phase 2 – Manchester Piccadilly, Manchester Airport, Leeds New Lane, Sheffield Meadowhall, East Midlands Hub.

Using existing available evidence drawn from a range of sources the research has sought to:

- outline the economic potential of each station site – drawing upon current assessments of growth and regeneration benefits and baseline economic and socio-economic data;
- assess the readiness of each location to reach its potential – using a set of readiness criteria described further below; and
- suggest actions that may help reach this potential.

The views of key local stakeholders have been sought for each of the station locations in collating and interpreting the available information. Stakeholders' views have also informed identification of potential actions. No new primary research has been undertaken.

HS2 readiness criteria

A structured approach has been adopted in order to assess each area's readiness for maximising economic growth driven by HS2. Information has been gathered around six key questions on HS2 readiness as follows:

- Are there underlying economic and socio-economic structural challenges that could constrain delivering economic growth?
- Are there physical infrastructure constraints/ opportunities that could limit/facilitate growth?
- Will local and strategic connectivity to HS2 be sufficient and deliverable to maximise HS2 growth?
- Are strategic and local plans for growth aligned to maximising HS2 growth potential?
- Are the institutional and governance arrangements for planning, infrastructure and economic development sufficiently aligned to maximise HS2 driven growth?
- Are existing planning and delivery mechanisms/powers sufficient to maximise HS2 growth potential?

Research objectives

The outputs of the research aim to:

- inform the Taskforce's recommendations for their final report;
- provide independent insight into the issues that may be constraining growth and regeneration in the local areas;
- increase the evidence base for HS2, thereby aiding decision-making going forward;
- inform the debate around the Hybrid Bill;
- assist local authorities and Local Enterprise Partnerships (LEPs) in maximising the growth and regeneration benefits of HS2; and
- establish a baseline by which growth/progress can be monitored.

Approach

In meeting the requirements of the study brief, Atkins have not undertaken any additional analysis or empirical research. The research has been conducted in order to set out and objectively and independently review evidence provided by local, regional and, where relevant, national stakeholders in relation to potential regeneration and economic opportunities of HS2. This research has been carried out by a small team of senior transport, economic development and planning professionals which has been subject to Atkins' quality assurance and project management standards. The highlighted case studies, conclusions and recommendations of the study reflect the professional assessment of the Atkins study team.

Key Findings

Appendices A-I set out the detailed findings of the research for each of the nine station locations. The following section sets out the overall findings of the research and includes key recommendations for consideration by the Growth Taskforce.

Overall "HS2 Readiness"

There is general consensus amongst the stakeholders consulted as part of this research that HS2 offers a 'once-in-a-lifetime opportunity' to stimulate significant additional economic growth and comprehensive regeneration focused on station locations and the wider city-regions in which they are situated.

A key objective of this research was to establish the degree to which the various HS2 Phase 1 and Phase 2 station locations are in a position to maximise potential regeneration and economic growth benefits from HS2.

If the journey to "HS2 readiness" can be typified as one from planning and design through to infrastructure delivery - and includes securing funding and investment, establishing delivery vehicles and partners where needed and securing consents - then all locations are at the planning stage. Despite this, many locations have started some high level consideration of potential delivery vehicles.

All the locations have a suite of strategy and planning documents, both statutory (i.e. development plans) and non-statutory (such as overarching growth strategies), that set out each location's economic, social and planning framework and ambitions. The statutory planning documents currently in force make limited reference to HS2; and this is not surprising given that these plans have evolved and been developed over a period of the last five or so years and prior to proposals for HS2 routes and station locations being set out by government. In addition, the planning horizon of the plans is typically 2026/27 (so prior to the planned date for HS2 Phase 2). For example, very few of the local development plans across the non-London locations include explicit reference to HS2 in terms of housing and employment land allocations, suggesting that, under the current planning strategy, future patterns of development will be delivered in a way that is not necessarily influenced by or seeking to maximise the economic benefits of HS2.

However, there is clear evidence that all locations are proactively modifying their frameworks of strategies and plans which will ultimately determine planning and investment priorities and enable delivery of new development and infrastructure that will support HS2-driven growth.

Each location is at a different stage of updating strategies and plans. As the review of the individual locations shows, each is taking a locally specific approach to this, reflecting their own specific circumstances, priorities and institutional structures. This includes the preparation of Area Action Plans or Strategic Regeneration Frameworks, as well as supporting research and evidence, that specifically address HS2 opportunities and that will form inputs to and frame the downstream planning and delivery process.

Generally, locations that would be served by HS2 Phase 1 are more advanced, especially London through the Opportunity Area Planning Framework for Old Oak Common and the progress being made to establish a delivery vehicle. Phase 2 locations are typically less advanced. Overall, the local stakeholders in each of the locations have confirmed that there is significant work already undertaken, ongoing and planned, shaping how each location is seeking to maximise its economic growth from HS2.

Against this backdrop of positive progress in planning for HS2 by local stakeholders, we have drawn the following overall conclusions against the six "HS2 readiness criteria" used in this research study.

Economic and socio-economic structural constraints

To varying degrees all locations outside London have identified issues of area-wide skills and workforce participation as potential constraints to delivering growth – irrespective of HS2. Even in London there are localised issues of skills and low workforce participation. Lack of suitable skills in the local workforce could act as a barrier to enabling economic growth, especially in high value knowledge-based sectors. However, all locations have prioritised tackling these issues – each from the perspective of their own local circumstances.

Other key potential issues relate to the potential imbalance between employment growth opportunities and available housing which could act as a constraint to future labour supply. This is an issue in London as well as outside London. Again, all locations have strategies to address, including revisiting spatial strategies and housing allocations. Moreover, many of the emerging strategies and station-focussed masterplans being prepared by stakeholders identify the development of additional housing as being one of the core regeneration benefits that could be facilitated through HS2.

The skills, workforce participation and housing challenges are seen by the locations not as an HS2-specific issue, but as part of their wider economic development strategy.

Most city regions recognise that HS2 will change the nature of demand for development especially in close proximity to the station locations. Whilst some locations are preparing to undertake further research to better understand the implications of changing economic and property market forces for their cities, others are further behind.

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Physical infrastructure challenges and opportunities

Significant amounts of work have been undertaken by most locations to understand the infrastructure opportunities and challenges associated with enabling economic development and regeneration at each of the Phase 1 and Phase 2 stations.

Where there are potential constraints these comprise:

- Availability of suitable, readily available development sites in the proximity of the proposed station locations.
- Restrictions caused by planning policies, such as Green Belt for the non-city centre stations – Birmingham Interchange, Manchester Airport. However, local stakeholders have confirmed that actions are in place to address these policy constraints given that the HS2 opportunities offer a strong case in exceptional circumstances for re-designation.
- Fragmentation in land ownership around some station locations.
- Land already occupied by viable but low-intensity commercial uses that would require relocation and compensation in order to enable comprehensive regeneration.
- Land that is required by HS2 Ltd or other railway investment programmes for stations and depots which could otherwise be developable sites.
- Physical barriers including existing transport infrastructure / highways.

Where there are opportunities these relate to:

- How HS2 Ltd's proposals can be effectively integrated with wider development and regeneration opportunities and other complementary transport infrastructure investment - through alignment of planning, design, funding, timescales and governance - such that enhanced outcomes are achieved.
- How the development opportunities and land value associated with the HS2 stations can be maximised through alternative design approaches including over-site development – for example at Euston and issues such as balancing ponds at Curzon Street.
- How elements of HS2 delivery could potentially be accelerated to deliver economic growth earlier, and in certain circumstances ensure that HS2 decision making and statutory process is speeded up or provides greater certainty sooner so as to enable regeneration and economic growth projects to progress.

Most locations, especially those along the Phase 2 route, would like greater clarity and input to eventual station designs. This is considered a significant factor in shaping the place-making and physical development potential of the site and surrounding area.

Connectivity

The evidence indicates that local stakeholders' thinking is already well advanced in this area and a range of connectivity proposals has been developed. This reflects the fundamental importance attributed by stakeholders to realising local and sub-regional economic benefits through improved inter- and intra-regional connectivity that could be facilitated by HS2. Many of these build upon work already undertaken in relation to city centre connectivity and on connectivity to growth locations such as Airport City (at Manchester Airport) and UK Central (Birmingham Interchange), but refreshed to consider the new opportunities that HS2 creates. In general, though Phase 1 locations are more advanced, clear funding and delivery plans do not yet exist for the HS2-related connectivity elements of wider packages; stakeholders recognise that further work is needed.

In most locations, a full understanding of the level of capacity required to support HS2, HS2-driven growth and wider non-HS2 growth and regeneration does not yet exist. For example, the level of capacity that would need to be provided at locations where the Strategic Road Network is critical to provide access both to an HS2 parkway and to planned new development once sites are fully 'built out'. This is acknowledged by stakeholders and forms a key part of the planning and delivery 'journey' described above.

The following key issues have emerged through engagement with local stakeholders:

- In accordance with the remit established by Government for HS2 Ltd, stakeholders' perceive there to be a primary focus is on delivering a railway within a set planning and cost envelope. Concern was expressed that any shortfall in funding could limit the scope for achieving the desired level of connectivity between HS2 and the local and city-region transport networks which was identified by stakeholders as being fundamental to maximising regeneration and economic growth.
- The ability of local stakeholders to plan and deliver connectivity improvements is restricted by uncertainty of funding, especially in the period between 2020/21 – the end of commitment to the Local Growth Fund (LGF) - and Phase 1 opening (2026).
- The potential for connectivity improvements to the conventional rail network as a result of capacity released due to HS2 providing for long-distance services is not yet fully developed and – as the KPMG July 2013 regional economic analysis shows – has the potential to significantly increase regional economic benefits and growth.

HS2 in strategic and local plans

All areas do, or will shortly have, post-National Planning Policy Framework Local Plans (or equivalent in place). As noted above, existing local plans can be considered as cautious with respect to HS2 and generally not looking to enable maximum potential development.

This is mainly due to long timescales for delivery of HS2 (even for Phase 1) and uncertainty over timing / delivery of Phase 2 (and in some cases, station locations).

There is a potential disconnect in terms of strategies for growth between spatial coverage and detail of Strategic Economic Plans (SEPs) and economic development strategies of local planning authorities.

Again, as noted above, most (non-London) areas are already reviewing and seeking to refine spatial strategies – though HS2 is only one driver.

While Local Enterprise Partnerships (LEPs) will be submitting their final SEPs to government by March 2014, the early drafts of SEPs that the LEPs shared with government (and which were reviewed as part of this research) lack detail of specific measures to maximise HS2 benefits, including costs, delivery programme and funding. It is, though, noted that the SEPs relate to bids for funding for the period to 2020/21.

In the case of Sheffield, and despite the current HS2 Ltd proposal for a station at Meadowhall, HS2 policy-readiness at the city region level is potentially being held back because of a lack of local consensus regarding the optimal station location for maximising economic growth and regeneration.

Institutional and Governance structures and Planning and Delivery Mechanisms

The evidence shows that at each of the station locations delivering HS2-driven economic growth and regeneration will require co-ordinating planning, investment and delivery across a large number of existing institutions and governance arrangements. Each location is unique, with a range of different and often complex governance and institutional structures.

At the local authority level some locations - Manchester and London - have established arrangements for joint working across the different layers and geographies of local authorities, and Leeds and Sheffield are also progressing towards Combined Authority status. Elsewhere, there are evolving arrangements that appear complex. However, these do not cover bodies such as HS2 Ltd, Network Rail and the Highways Agency. In each location, though, linkages exist with different bodies arranging themselves to focus on HS2-related growth issues linking together the various institutions and governance bodies. Examples include: the HS2 Strategic Board working across local authorities and the LEPs, Centro, HS2 Ltd, Network Rail and the Highways Agency in Birmingham; or the Greater Manchester-wide HS2 Programme Board, which includes representatives from HS2 Ltd, the Greater Manchester Combined Authority (GMCA), Transport for Greater Manchester (TfGM), the Department for Transport (DfT), Network Rail and Manchester Airport Group.

The evidence shows that, at each location, integrating the HS2 stations with the local economy, the local and sub-regional transport network, the urban realm and delivering sustainable economic development and regeneration is a significant, complex and long-tem project. A key issue is whether the current institutional and governance arrangements, and the delivery vehicles that may evolve from them, are suitable for maximising HS2-driven economic growth. The scale of the challenges may well require some support from central government.

Local stakeholders have made it clear that institutional, governance and delivery vehicle arrangements need to reflect the particular dynamics of their individual locations.

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Few of the local stakeholders have indicated that different governance/institutional structures are needed and most believe that they have necessary powers and functions to deliver the development and infrastructure needed to support HS2-driven growth. In addition, there is a recognition that the institutional/governance/delivery arrangements will need to evolve as stakeholders move along the planning and delivery 'journey'. For example, Solihull Metropolitan Borough Council (SMBC), in relation to Birmingham Interchange HS2 station and its linkage with the UK Central development proposal, recognise that they need to further develop the strategic proposition and funding model for unlocking development at UK Central supported by HS2 and then consider what form of governance model and delivery vehicle would best achieve the economic growth outcomes. In general, the governance and delivery vehicle issue is linked to how funding is secured that enables regeneration and development and provides the supporting infrastructure.

However, all local stakeholders have identified issues of co-ordination and alignment with HS2 Ltd, Network Rail and (where relevant) the Highways Agency. There are also key issues surrounding future funding levels and funding models which are currently outside local stakeholders' direct power to resolve. These issues, combined with the complexity of the delivery of an HS2-driven economic growth and regeneration project suggest that a "business as usual" approach to governance and delivery may not be the best way forward.

Key Issues for Consideration by the Taskforce

Providing funding and planning certainty

A consistent theme across most of the locations is that they are constrained in planning and delivering infrastructure required to support and maximise HS2-driven economic growth because of funding and planning uncertainty.

- Because HS2 is such a large infrastructure project its timescales do not align with the five yearly funding cycles currently adopted by government. Although different cities have different opportunities and constraints - for example Manchester through its City Deal has greater flexibility through its 'earn back' model – it is difficult to plan to deliver significant infrastructure projects without having any real certainty of how much funding is likely to be available and what the rules are for securing that funding. Through the SEPs, LEPs and local authorities are bidding to secure funding for transport schemes to be delivered 2015/16 to 2020/21. They will not know the outcome of this until late 2014. There is no certainty of funding post-2020/21. Is it possible to provide greater long term funding certainty recognising the unique scale and coverage of HS2 as a transformational economic project?
- To achieve integration of HS2 with wider regeneration and infrastructure projects is it possible to join up funding pots to maximise benefits (and value for money) across a number of projects spanning different funding periods? Potentially this means mechanisms to pool funding across HS2, Network Rail, local transport, the Highways Agency.
- The timescales of reaching decisions on Phase 2, the status of Phase 2 and the timing of Phase 2 Hybrid bill will create planning uncertainty, potentially blight, and risk for the planning authority. Is it feasible to speed this process up or to enable mechanisms for planning and delivery authorities to proceed with greater speed and confidence?

Promoting and establishing new funding models

The Taskforce's funding working group has examined the issue of new funding models. Drawing upon the experience of places such as Greater Manchester and West Yorkshire, how can new and unconventional funding models be developed and enabled so that investment in HS2-supported regeneration and economic development can be secured?

Aligning local and HS2 Ltd objectives

As already highlighted, local stakeholders have expressed concern that the Government's remit to HS2 Ltd is overly restrictive on delivering a high speed railway within a clearly defined cost and planning envelope However, it was highlighted that the Government's objectives also require HS2 Ltd to work alongside local stakeholders to maximise economic growth from HS2. Most stakeholders stressed that too narrow an interpretation of HS2 Ltd's remit may compromise the scope for maximising local economic and regeneration benefits (e.g. lack of place-making, use of developable land for railway operations, not taking opportunity to maximise connectivity).

Similar issues exist in aligning national objectives for the Highways Agency and Network Rail with local HS2-enabled regeneration and economic growth opportunities.

Supporting new approaches to investment appraisal

HS2 is a potentially transformational economic project for the locations. Current government approaches to appraisal may limit the scope of key investment decisions because they do not adequately capture "real economy" effects. How can new approaches that deal with HS2 as an economic growth project rather than as a conventional, though large, transport project become more influential in supporting investment decisions?

Support local stakeholders in their planning and delivery journey

Despite the finding that all the locations have been proactively progressing with planning for regeneration, economic development and associated infrastructure that will maximise HS2 benefits, there remains a long way to go. How can the locations be supported on this journey – particularly through facilitating and enabling collaboration between local and national bodies?

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Facilitating locally-bespoke and flexible delivery structures

Whilst the locations have many of the core governance and institutional ingredients in place to plan for regeneration and economic growth around stations and their hinterlands, there is a potential need for clear, accountable and delivery-focussed governance structures to be established so that the economic benefits can be fully realised within a reasonable timeframe. From our assessment of the complex journey in moving through the planning and design phase to implementation, some form of governance and delivery mechanism with a clear remit for facilitating the maximisation of regeneration and economic growth benefits and which ties together and aligns local and national stakeholders should be considered .

The rationale and terms of reference for such bodies will need to reflect the uniqueness of each station location and incorporate the fundamental elements of existing and emerging HS2 governance arrangements in these areas. Furthermore, for them to be locally bespoke, stakeholders should be supported by government and national agencies in defining the most effective structures for their areas.

Although local distinctiveness and ownership should be central it is likely that the effectiveness of governance/ delivery bodies will be enhanced through a number of shared characteristics and powers. These may include:

- Strong local leadership.
- Board-level representation of all key players including relevant Government departments, HS2, Network Rail, LEPs, local authorities, strategic transport bodies / PTEs and local/regional business champions.
- Direct or local authority delegated planning powers with scope to prepare statutory development plans or master plans with development control functions.
- Simplified, single-body land assembly powers.
- Funding and finance raising powers such as tax incremental funding.
- Supporting legislation to enable designation of Enterprise Zones or other area-specific growth zones.

Establishing clear ownership and governance structures will be central not only to putting effective delivery mechanisms in place at each station location but also in creating private sector confidence and creating the right conditions for private investment.

APPENDICES


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HS2 READINESS:
Birmingham Curzon Street

A

SUMMARY OF KEY FINDINGS

Significant development work has been undertaken by the Birmingham City Council, Centro, the GBS LEP and other stakeholders on transport connectivity and masterplanning to consider how HS2 can act as a catalyst to economic growth in the West Midlands. In the main, the stakeholders, and their plans and strategies, are well aligned.

The proposed HS2 station at Curzon Street provides an opportunity to integrate the delivery of HS2 into planned improvements in city centre connectivity and the regeneration of Eastside and Digbeth. However, successful delivery of local accessibility measures, such as the 'one station' concept, and the West Midlands HS2 Connectivity Package is seen as critical to maximising the economic benefits for the West Midlands.

There are a number of challenges to enabling the local vision for the impact of HS2 which the Taskforce should consider in reaching its recommendations, in particular:

- the need to secure appropriate levels of funding to take advantage of the opportunities HS2 can bring through a combination of more local freedoms and flexibilities and greater certainty from Government; and
- aligning the vision and ambitions of the local stakeholders and HS2 Ltd in order to maximise growth.

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Context

The HS2 Phase 1 Consultation document describes the intention to construct a new station in central Birmingham at Curzon Street, approached along the Water Orton corridor. A junction on the initial London – West Midlands HS2 line to the north of the Birmingham Interchange would provide the link into Birmingham City Centre along the existing Water Orton rail corridor into the new High Speed station at Curzon Street.

The station would have six platforms at a high level above Park Street and would have entrances onto Moor Street Queensway and the Curzon Street Masterplan area (Eastside). Much of the site of the station is within the Eastside area of the city that has been earmarked for substantial regeneration. Whilst development in the short-term could be affected due to uncertainty of HS2 delivery, ultimately HS2 could be a catalyst for wider regeneration and job creation in the area.

The proposed location of the Birmingham city centre HS2 station is shown in Figure 2 below. The station would be within the Birmingham City Centre Enterprise Zone (EZ).

Figure 2. Proposed location of Birmingham Curzon Street HS2 station

Estimates of economic growth potential

Table 1 summarises evidence drawn from a number of available sources on the potential economic growth potential associated with the Curzon Street HS2 station.

It is difficult to make direct comparisons between these forecasts due to varying assumptions made and units used. However, the HS2 Ltd estimate of additional jobs 'supported' by HS2 is approximately one fifth of the (Phase 1 only/no Connectivity Package) Centro estimate (albeit that the Centro forecast relates to the effects of both Birmingham HS2 stations).Comparison of GVA/GDP forecasts show these are more aligned, noting that GVA excludes taxes and subsidies on products.

SOURCE	HS2-RELATED GROWTH	SOURCE/NOTES
HS2 London to the West Midlands : Appraisal of Sustainability (Appendix 3 – Socio-Economic Report) for Phase 1 (HS2 Ltd, Feb 2011)	▪ 4,700 jobs ▪ 1,000 residential units	Assumes HS2 Phase 1 only. Jobs estimate based on an additional 75,000m^2 of office, 10,000m^2 retail, 400 hotel beds, 10,000m^2 education, 10,000m^2 leisure 'supported' by HS2, but loss of 55,000m^2 of industrial floorspace.
HS2 Regional Economic Impacts, (KPMG for HS2 Ltd., Sep 2013)	▪ £1.5 - £3.1 billion GDP impact per year (West Midlands)	Assumes HS2 Phases 1 and 2. Based on 'low' and 'high' business location effects. Estimated change in economic output by city region in 2037 after investment in HS2 - 2013 prices. Includes input of Birmingham Interchange and impact of HS2 released capacity on conventional rail services.
How the Y Network will transform the West Midlands (Centro, Sep 2013) Maximising the Impact of HS2: Statement of Evidence (Centro, Nov 2013)	**51,300 jobs (West Midlands) of which:** ▪ 26,000 in Birmingham & Solihull ▪ 12,500 in the Black Country ▪ 7,100 in Coventry & Warwickshire ▪ 5,700 in the rest of region ▪ (22,000 jobs for Phase 1 only and without West Midlands HS2 Connectivity Package) ▪ £4 bn GVA uplift (West Midlands) (£1.5 bn for Phase 1 only and without West Midlands HS2 Connectivity Package)	Economic growth estimates assume HS2 Phases 1 and 2, and West Midlands Connectivity Package. Alternative forecasts (from 2010) assume HS2 Phase 1 only and no connectivity package (but some rail enhancements).

Table 1. Estimates of economic growth potential (Birmingham Curzon Street)

Assessment of HS2 readiness

Economic and socio-economic structural challenges

The economic and structural challenges are as reported in Appendix A in relation to Birmingham Interchange and the Greater Birmingham and Solihull LEP (GBS LEP). In addition, the adjoining Black Country LEP has similar issues. Despite being home to a significant cluster of advanced manufacturing / aerospace activity, the Black Country is faced with a number of deep structural economic challenges in particular:

- low wages, unskilled jobs;
- significant concentrations of high deprivation;
- low skills / educational attainment levels; and
- high unemployment, particularly youth unemployment.

Physical infrastructure challenges and opportunities

Local stakeholders, led by Birmingham City Council, have made substantial progress on understanding the physical development potential of the area around Curzon Street. This work builds on the substantial body of evidence, visioning and strategic planning set out in Birmingham's Development Plan and the Birmingham Big City Plan[1], and is consistent with Enterprise Zone proposals. The station also has an important role in supporting economic growth in the Black Country and, as such, is seen as the 'western gateway' to HS2.

A draft masterplan covering the Eastside and Digbeth areas, including the HS2 station site, was launched on the 27th February 2014 comprising 600,000m^2 of employment space and 2,000 new homes. The masterplan sees the Curzon Street HS2 station as a fundamental catalyst for regeneration, noting the importance of easy access into the station but also of the need to ensure that the station does not become a barrier to movement. Clearly the masterplan will become the focal point for maximising the economic development potential of the area, including delivering the transport and non-transport infrastructure requirements in the station area. A 'delivery roadmap' is now being prepared to set out the delivery plans and a funding model (building on the Enterprise Zone, City Deal and Local Growth Fund), as would be expected at this stage. Further work is anticipated to align the masterplan with HS2 Ltd's plans.

Connectivity

There is clear evidence that the local stakeholders have a strong understanding of the connectivity issues relating to Curzon Street; both in terms of local connectivity between the station and its immediate vicinity and the wider West Midlands region. There is also clear evidence that measures have been identified to provide high quality connectivity and that work is ongoing to develop these in detail.

Centro and Birmingham City Council have been working for some time on proposals to radically improve local movement to, from and within Birmingham City Centre by all modes[2]. These include proposals to improve and integrate the public transport network, make the city's core and quarters better connected, and provide and promote a range of sustainable transport choices.

Improving connectivity to the proposed Curzon Street HS2 station has become integrated into this work and the GBS LEP, Birmingham City Council and Centro are working together on a number of proposals to improve connectivity to the station site. The concept of creating the impression of 'one station' in the city centre, by seamlessly linking Curzon Street with Moor Street and New Street stations is central to these proposals (see case study below) and tying the Black Country into the benefits of HS2.

The Eastside/Digbeth masterplan will be consistent with this work, but will also present proposals in more detail to provide connectivity through the station site itself.

There is suggestion that the vision of the local stakeholders to integrate Curzon Street into the city centre (including the other stations) and to maximise economic development in the vicinity of the station, is more ambitious than that of HS2 Ltd. HS2 Ltd is working with local stakeholders to ensure that the station design in the Hybrid Bill enables their regeneration aspirations to be realised. However, local stakeholders are concerned that capital cost limitations may constrain scope for providing the conditions necessary to maximise growth and regeneration such as:

- Integration with Moor Street and New Street (the 'one station' concept).
- High quality pedestrian routes and public realm.

1 The Birmingham City Centre Masterplan

2 See both the Big City Plan and Birmingham Mobility Action Plan.

- Maximising permeability of the station site.
- Iconic design promoting the role of the HS2 station as a gateway and place-maker.
- Maximising land available for development in the vicinity of the station.

Some local stakeholders also expressed a desire for closer working and sharing of information with HS2 Ltd and Network Rail, and greater clarity over the roles of each organisation. Others wish to see HS2 Ltd more openly communicating the benefits of HS2 and providing clarity about classic rail services post-HS2 as quickly as possible.

Strategic connectivity between HS2 and the regional public transport networks has been explored in depth by Centro and the constituent authorities of the Integrated Transport Authority (ITA), most recently culminating in the West Midlands HS2 Connectivity Package. The package has been developed to maximise the economic benefits of HS2 to the region as a whole by maximising public transport accessibility to the two HS2 stations in the region (Curzon Street and Birmingham Interchange). In so doing, the package would also provide strategic connectivity enhancements between the Black Country and the major employment growth area around the M42 (UK Central). Work for Centro by KMPG suggests that the connectivity package could more than double the economic benefits of HS2 for the West Midlands.

The package is supported by all constituent members of the Integrated Transport Authority, as well as the GBS LEP and Black Country LEP. Detailed work is now underway by Centro, the local authorities and the GBS LEP to develop the proposals in the package in line with expected growth in demand.

However, the availability and certainty of funding to deliver the connectivity package is a key challenge given that HS2 is not expected to fund local measures in this way.

Whilst the Local Growth Fund (LGF) is likely to be a key source of funds, the amount of funding from the LGF and Growth Deal for the connectivity package is currently unknown. Funding from LGF is even less certain beyond 2019 when the Government guarantee of at least £2 billion per annum in the fund currently expires.

It is likely that LGF and other external sources are unlikely to provide sufficient funding for the connectivity package and other infrastructure identified as required to maximise local economic growth and regeneration. Local stakeholders are therefore keen to work with the Government, including through the Growth Deal process, to examine other avenues including:

- Identification of HS2-related schemes in the delivery plans of Network Rail (from Control Period 6) and the Highways Agency.
- Pooling of budgets and alignment of programmes to drive greater efficiency of delivery.
- Greater freedom and flexibility to raise additional revenue locally (for example through expansion of the Enterprise Zone to enable local authorities to borrow against business rate uplift).

CASE STUDY: ALIGNING LOCAL AND HS2 LTD AMBITION TO MAXIMISE BENEFITS

Centro, Birmingham City Council and the GBS LEP have drawn up proposals to improve the local and strategic connectivity of Curzon Street HS2 station. Local connectivity improvements include the 'one station' concept which would dramatically improve the quality of the pedestrian route between Curzon Street and New Street stations. The proposed West Midlands HS2 Connectivity Package envisages improved rail, rapid transit/metro and SPRINT bus rapid transit connectivity to Curzon Street and Birmingham Interchange HS2 stations, enabling the benefits of HS2 to be felt across the sub-region.

HS2 Ltd is engaging with local partners to ensure the station design supports local regeneration aspirations but, at present, these connectivity proposals do not form part of HS2 Ltd's plans. Local stakeholders have demonstrated the large additional economic and regeneration benefits which they, and other proposals such as the Curzon Street Masterplan, can deliver.

Local stakeholders have expressed concern that lack of investment in complementary connectivity measures may limit maximising opportunities for regeneration and economic growth.

HS2 in strategic and local plans

The Birmingham Development Plan (BDP) pre-submission draft was published in December 2013 and is currently out for consultation. The BDP covers the whole of the Birmingham City Council area. In general, there appears to be a strong cohesiveness between the BDP and planning documents relating specifically to the city centre, such as the Big City Plan (which acts as a vision and framework for development of the city centre), Enterprise Zone Prospectus and Birmingham Mobility Action Plan. Providing high quality connections throughout the city and to other locations is identified as a key objective.

The Plan period runs to 2031, although it is anticipated that the BDP will be updated before that time. Whilst the Plan notes the opportunities presented by HS2, it does not appear to explicitly reflect these in the planned levels of growth. However, Eastside is identified as a strategic location to be the focus of proposed growth, enabling the city centre to expand eastwards, and the BDP notes the need to integrate the HS2 station into any proposals in this area to create "a world class arrival experience".

The BDP does not include any policies relating directly to HS2 but, as a long-term strategy for the whole of Birmingham, this is not a critical barrier to maximising growth. A number of Area Action Plans (AAPs) already exist, and the Plan suggests that further AAPs or thematic planning policy documents will be brought forward to provide more detail.

The draft Greater Birmingham & Solihull Strategic Economic Plan (SEP)[3] recognises the opportunity presented by HS2 in terms of the local economy and strategic connectivity but the final version would be expected to be more explicit about how this will come about, including enhancing regeneration around the station. The SEP is aligned with other key documents, including the West Midlands Connectivity Plan, although again, more detail on the nature of the schemes within the package and how they support economic growth would be beneficial. Discussions with the LEP suggest that the final version of the SEP will provide this detail.

Institutional and governance arrangements

Local Current institutional and governance arrangements are illustrated in Figure 3.

There is a number of existing governance arrangements operating across different spatial areas within the West Midlands conurbation. At a conurbation level, the West

3 December 2013

Midlands Joint Committee coordinates strategic planning and transport matters whilst the Integrated Transport Authority and Centro plan and deliver many aspects of local transport provision. An HS2 Strategic Board has been established comprising West Midlands Council leaders, the Local Enterprise Partnerships, HS2 Ltd and the DfT. An HS2 Programme Coordination Group and a number of Working Groups, support the Strategic Board.

With regard to the Curzon Street site, these pan-conurbation bodies are working proactively with Birmingham City Council and the Greater Birmingham & Solihull LEP to plan for the arrival of HS2. The strategies and plans prepared by these organisations seem to be well aligned. The existing governance arrangements therefore seem well-suited to continue to provide a suitable basis for planning for the opportunities for HS2.

The complexity of the LEP geography in the West Midlands could act as a barrier to maximising the benefits of HS2, either because they are less directly involved in matters relating to Curzon Street or because the differing formal views on HS2 of their constituent members means that they are less able to proactively engage.

Planning and delivery mechanisms

Stakeholders appear open-minded as to the options available, with a priority being to do whatever is best to achieve growth. Special Purpose Vehicles are already being used to deliver the Enterprise Zone sites.

A workable funding model is seen as the biggest barrier to facilitating growth, as the plans and ability to take advantage of HS2 appear to be in place. In this context, an extension of the Enterprise Zone model which would enable the local authorities to fund enabling infrastructure and capture resultant business rate uplift, is a recurrent theme

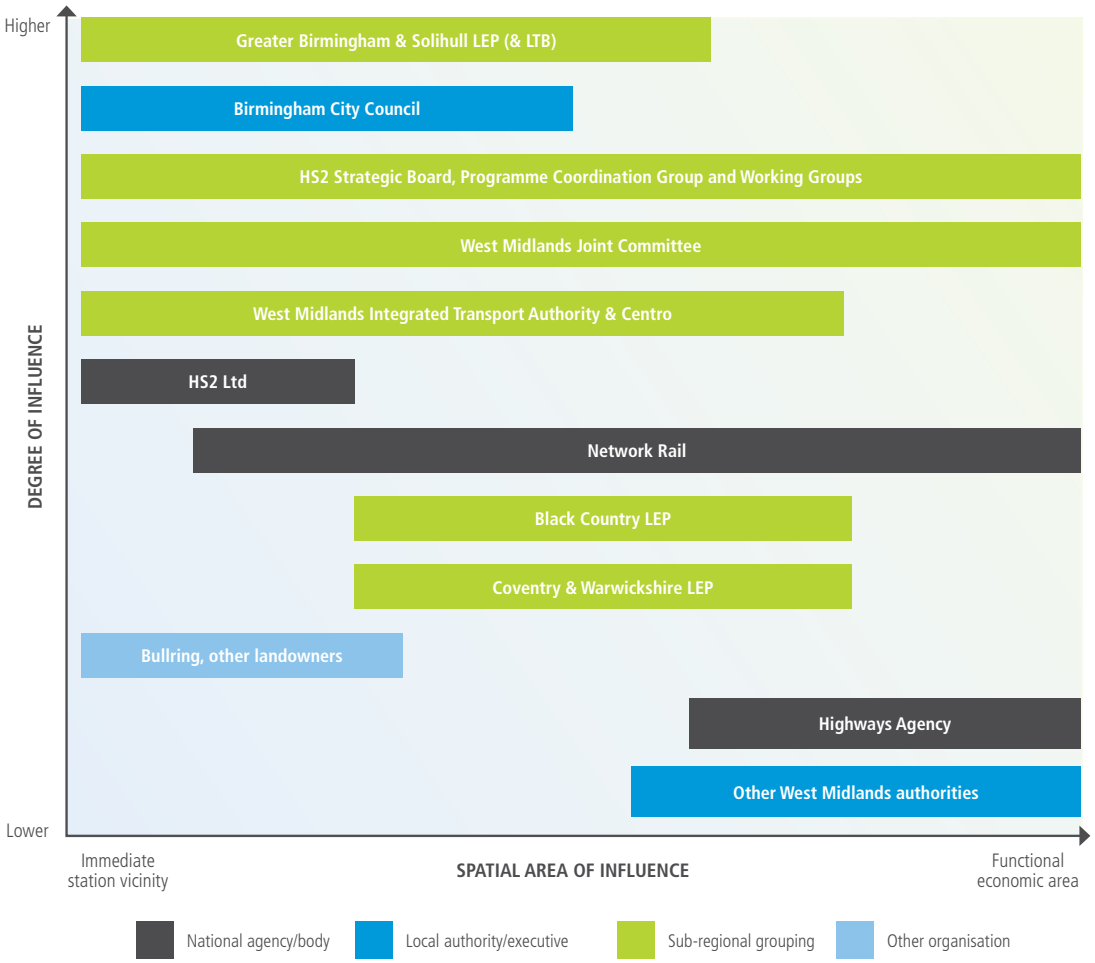

Figure 3. Institutional and governance arrangements (Birmingham Curzon Street)


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HS2 READINESS:
Birmingham Interchange

B

SUMMARY OF KEY FINDINGS

The station hinterland has underlying economic strengths, but also some challenges, particularly in terms of deprivation, economic inactivity and skills. The Local Enterprise Partnerships, and others, are working to overcome these challenges, and see HS2 as a catalyst for growth. A lack of planned housing supply could be a potential barrier to maximising the economic benefits of HS2, but an assessment of future housing need is being undertaken as part of the Greater Birmingham and Solihull Local Enterprise Partnership (GBS LEP) Spatial Plan for Recovery and Growth.

There are no significant physical non-transport infrastructure challenges in the area and, although the site currently lies in Green Belt, the planning authority is committed to a partial review of this policy. Proposals for major development around the station and in the wider sub-region (UK Central) are growing in momentum and are intrinsically linked to the HS2 station. The ambition and scale of development visualised around the station by local stakeholders is different to that currently planned for by HS2 Ltd, in part as the Hybrid Bill does not provide for complementary connectivity measures and associated development infrastructure.

There is recognition of the need for transport infrastructure investment to realise the full economic growth potential. A West Midlands HS2 Connectivity Package has been defined including significantly enhanced public transport connectivity to HS2 and UK Central.

Local stakeholders see the connectivity package as vital to delivering UK Central and is forecast to more than double the economic benefits of HS2 in the West Midlands. Mechanisms to deliver better connectivity are already established, but delivery could be inhibited by uncertainty over funding, limitations of the transport scheme appraisal process, the challenge for planning authorities to fully reflect HS2 in Local Plans, and alignment with Network Rail and the Highways Agency priorities and planning processes.

The draft Strategic Economic Plans of the two closest Local Enterprise Partnerships recognise the potential benefits of HS2 and are aligned well to the connectivity work and other planning initiatives, such as UK Central. However, the drafts lack detail on specific actions.

Stakeholders are well aligned and are advancing ideas for delivery and funding mechanisms which provide them with the powers and funding to take the lead; there is limited interest in centrally-determined delivery mechanisms. Rather, stakeholders are calling for: greater support from the government to realise local ambitions by providing a national economic context to work within; greater freedoms and flexibilities for local stakeholders and open support for their proposal; and mechanisms to work more strategically with national delivery agencies and to pool funding to maximise investment in measures complementary to HS2.

Context

The HS2 Phase 1 Consultation document describes the intention to construct a new interchange station near Birmingham Airport where the line of the route passes the National Exhibition Centre (NEC). An Automated People Mover would link the interchange station to the Airport, the NEC and the existing classic rail station. A surface car park would be provided and significant improvements to the road network would accommodate additional demand created by the interchange.

The proposed location of the Birmingham Interchange HS2 station is shown in Figure 4 below. The proposed location of the station is within the UK Central Zone 1 (formerly 'the Hub') major development area.

Figure 4. Proposed Location of Birmingham Interchange HS2 Station

Estimates of economic growth potential

Table 2 summarises estimates drawn from a number of available sources on the potential economic growth potential associated with the Birmingham Interchange HS2 station.

It is difficult to make direct comparisons between these forecasts due to varying assumptions made and units used. However, the HS2 Ltd estimate of additional jobs 'supported' by HS2 is approximately one sixth of the (Phase 1 only/no Connectivity Package) Centro estimate (albeit that the Centro forecast relates to the effects of both Birmingham HS2 stations).The UK Central proposals are not assumed in either forecast. Comparison of GVA/GDP forecasts show these are more aligned, noting that GVA excludes taxes and subsidies on products.

SOURCE	HS2-RELATED GROWTH	SOURCE/NOTES
HS2 London to the West Midlands: Appraisal of Sustainability (Appendix 3 – Socio-Economic Report) for Phase 1 (HS2 Ltd, Feb 2011)	▪ 3,750 jobs	Assumes HS2 Phase 1 only. Jobs estimate based on an additional 47,000m^2 of office, 1,000m^2 retail, 600 hotel beds, and 10,000m^2 leisure 'supported' by HS2.
HS2 Regional Economic Impacts (KPMG for HS2 Ltd., Sep 2013)	▪ £1.5 - £3.1 billion GDP impact per year (West Midlands)	Assumes HS2 Phases 1 and 2. Based on 'low' and 'high' business location effects. Estimated change in economic output by city region in 2037 after investment in HS2 - 2013 prices. Includes impacts of Birmingham Curzon St and impacts of HS2 released capacity on conventional rail services.
UK Central Masterplan (Solihull MBC, C&W LEP, Arup	▪ 100,000 jobs ▪ £15.5-£19.5bn GDP uplift per annum by 2040	Jobs and GDP estimates relate to whole GBS LEP area
How the Y Network will transform the West Midlands (Centro, Sep 2013) Maximising the Impact of HS2: Statement of Evidence (Centro, Nov 2013)	**51,300 jobs (West Midlands) of which:** ▪ 26,000 in Birmingham & Solihull ▪ 12,500 in the Black Country ▪ 7,100 in Coventry & Warwickshire ▪ 5,700 in the rest of region ▪ (22,000 jobs for Phase 1 only and without West Midlands HS2 Connectivity Package) ▪ £4 bn GVA uplift (West Midlands) (£1.5 bn for Phase 1 only and without West Midlands HS2 Connectivity Package)	Economic growth estimates assume HS2 Phases 1 and 2, and West Midlands Connectivity Package. Alternative forecasts (from 2010) assume HS2 Phase 1 only and no connectivity package (but some rail enhancements).

Table 2. Estimates of economic growth potential (Birmingham Interchange)

Assessment of HS2 readiness

Economic and socio-economic structural challenges

The GBS LEP has undertaken research into the underlying economic conditions in its area[4] which provides an evidence base for both the area as a whole and, data depending, the Solihull area. The research concluded that the GBS LEP area has strengths and challenges, the latter including historic reductions in employment and enterprise. The Solihull area is shown to be above average for the West Midlands in terms of new firm formation, employment rate and the proportion of the workforce in highly skilled and professional occupations. However, compared to the average across the West Midlands, Solihull has higher than average levels of deprivation and economic inactivity.

In its Growth Strategy, the GBS LEP sets out its focus of activity to address the key barriers to growth, including:

- creating the conditions to increase the number of successful businesses;
- stimulating and supporting innovation; and
- improving the skills and talent pool of the LEP area to make it business-relevant.

There are some gaps in the understanding of current local property market conditions, although this is not considered to be a major barrier as conditions are likely to change significantly with the introduction of HS2. However, there is recognition that the housing needs assessment should be updated to consider the implications of HS2 on local workforce, and therefore demand for housing.

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Physical infrastructure challenges and opportunities

The UK Central Masterplan provides a high level assessment of physical and economic development capacity of the area around the station ('UK Central Zone 1'). It provides a high level review of green infrastructure requirements, but does not consider other infrastructure requirements, although there are not thought to be any non-transport infrastructure challenges which will act as a barrier to delivery.

Overall, there is a good understanding of the potential physical capacity for growth around the station area, which is clearly set out in the UK Central Masterplan. However, detailed requirements for non-transport infrastructure to support the potential scale of growth have not yet been established. There is also a good understanding of potential economic opportunities of HS2 in the wider economic area, particularly in accelerating or maximising potential of existing development sites, for example in Solihull and Coventry.

The station site is currently designated as Green Belt; however Solihull Metropolitan Borough Council (SMBC) has committed to prepare an Area Action Plan for the station site which would enable it to review Green Belt policy. Consequently, HS2 may act as a catalyst to the development of the case for considering the removal of green belt restrictions.

Connectivity

The HS2 Phase 1 Consultation document envisages an automated people mover to link the HS2 station to the NEC and existing Birmingham International station and modifications to the highway network to facilitate access to a new car park to the east of the route. However, as the site is on Green Belt, little else in the way of connectivity to the immediate vicinity was proposed. Subsequently, the UK Central Masterplan for the 'UK Central Zone 1' proposes a more comprehensive connectivity plan associated with development around the station (which incorporates the people mover) and for alternative arrangements for access to the M42. It will be important to ensure that connectivity between the existing station and the HS2 station is as seamless as possible to offer a high quality public transport alternative to HS2 and UK Central from locations such as Wolverhampton, Coventry and Nuneaton.

4 Mulhall & Bryson (February 2013) Greater Birmingham & Solihull Local Enterprise Partnership and the West Midlands Region Functioning Economic Geography

There is a potential inconsistency between local stakeholders' ambition for development in the vicinity of the station and HS2 Ltd's plans for a 'parkway' style station with some local connectivity but no associated development. Within the context of the remit determined by Government, HS2 Ltd is engaging with local stakeholders to provide for the realisation of their local development aspirations, noting that the hybrid bill has been prepared for the purposes of constructing a new railway. However, local stakeholders are of the view that, as currently planned, the station design would not necessarily enable economic growth potential to be maximised.

Further, the improvements proposed to the Strategic Road Network (the M42) by HS2 Ltd reflect demand for the HS2 station alone and may be insufficient to cope with demand generated by UK Central (thereby acting as the key barrier to delivery). The UK Central Masterplan supports a 'two junction solution' to M42 access but details of the additional changes to the road network which this would require, and the costs of these options, have yet to be established by UK Central or the Highways Agency.

Stakeholders highlighted the need to ensure that the Highways Agency's Route-Based Strategies took account of longer-term planning issues such as HS2; and to ensure that strategies covering different corridors (e.g. the M42 and M6) were not considered in isolation.

Proposals for public transport connectivity to the rest of the West Midlands have been developed by Centro in partnership with other stakeholders (through the HS2 Connectivity Working Group under the West Midlands HS2 Strategic Board), and adopted by the West Midlands Integrated Transport Authority (ITA). The Coventry & Warwickshire LEP played an active role in preparing the Connectivity Strategy and sees the need to be connected to HS2 to work with partners to seek the maximum economic benefit from it. However, the priority focus for the Coventry & Warwickshire LEP is improved connectivity via HS2 to the North and Europe, and on using the classic network capacity released by HS2 to strengthen medium-distance inter-city services between the LEP area, including to the East Midlands and Thames Valley.

The West Midlands Connectivity Package sets out £2.4 billion of investment in heavy rail, light rail/metro and bus rapid transit to link Birmingham Interchange HS2 station (and Curzon Street) to the rest of the West Midlands, with the objective of maximising the benefits of HS2 for the region as a whole. The package is also supported by the LEPs (GBS, Coventry and Warwickshire and Black Country) and the GBS LEP has included the package in its draft Strategic Economic Plan (SEP). The provision of this level of public connectivity is seen as vital to delivering the scale of development planned for UK Central, in part due to the difficulties in providing additional road capacity. It is noted that connectivity measures complementary to HS2 are not provided for in the HS2 Phase 1 Hybrid Bill, and that any such measures, and HS2 Ltd advise that associated development will require separate funding and planning powers.

Mechanisms to deliver the local connectivity (through Solihull MBC) and regional connectivity package (through Centro and the HS2 Connectivity Working Group) are already established. A clear challenge however will be securing the funding necessary to deliver, particularly the wider package – the draft GBS SEP calls for only £50 million per annum through the Local Growth Fund. The uncertainty over funding, and the long lead times to HS2 operation, inhibit the ability of local stakeholders to plan and deliver in advance of HS2. The HS2 Growth Taskforce may wish to consider how it can assist local stakeholders to invest early in complementary HS2 infrastructure by providing greater clarity over funding in the period to opening.

Stakeholders have also called for greater support from the Government and its agencies to provide clarity over funding, supporting delivery and marketing the benefits of HS2. The DfT's activities to date are thought to be overly-focussed on the transport, rather than place-making, aspects of HS2; greater public support for locally-led visionary proposals would assist local stakeholders to build interest and investor confidence.

Some stakeholders have also called for the Government to ensure that assessments of value for money of measures complementary to HS2, such as the connectivity package, take account of the longer-term growth induced by HS2 and the complementary measures themselves. The Government could also assist in achieving local ambitions by being openly supportive of them, and confirming as soon as possible the likely post-HS2 classic rail timetable, even if only indicative.

HS2 in strategic and local plans

The Solihull Local Plan was adopted by SMBC on 3rd December 2013. The Plan does not include specific policies on the development opportunity presented by HS2, as the Council was unable to do so until the Hybrid Bill had progressed. However, the Plan recognises the need to carefully plan and manage delivery of HS2 to secure potential benefits. The Plan is expected to be updated before HS2 is operational. The Plan also commits the Council to preparing an Area Action Plan for the HS2 site in the future. The Local Plan also lays the foundations for delivery of UK Central.

The North Warwickshire Core Strategy, due for adoption later in 2014, does not include the HS2 station as part of its planning strategy as the safeguarded site has not been published. However, the Core Strategy is explicit that "pressure for development around the new HS2 station and at the NEC will be resisted". In general, the Local Plans in the eastern part of the West Midlands are not consistent in terms of distribution of housing growth and do not reflect the potential impacts on demand for housing which could arise from HS2 and UK Central. The Spatial Plan for Recovery and Growth (SPRG), currently in draft and the new GBS LEP Planning Charter are intended to begin addressing these issues.

The GBS LEP draft SEP recognises the opportunity that HS2 presents, including the contribution which the Interchange station can make to creating jobs and increasing GDP at UK Central. The role of HS2 in regeneration around the station is also identified. The draft SPRG refers to three connectivity packages, including an HS2 package which is consistent with the West Midlands Connectivity Package work led by Centro. However, the draft documents do not yet articulate the relationship between the spatial strategy and HS2 more generally or set out detailed actions. Discussions with stakeholders indicate that much more work has been done since the publication of the draft documents in December and that greater detail on the actions the LEP will take in relation to HS2 will be set out in the final versions of the documents.

Institutional and governance arrangements

Current institutional and governance arrangements are shown in Figure 5.

Whilst there are numerous planning and delivery bodies across the functional economic area, there are established governance arrangements which seek to establish joint investment priorities and coordinate delivery of essential infrastructure and establish effective governance arrangements and funding mechanisms to support inward investment. Key to this are SMBC, Centro, the GBS LEP, the Coventry & Warwickshire LEP and the West Midlands Joint Committee. For example, the final GBS Strategic Economic Plan will set out a clear delivery mechanism for the West Midlands Connectivity Package.

The recent instruction by the Secretary of State to the Highways Agency to commission a study into an alternative (two junction) solution for the M42 has been welcomed. Local stakeholders are keen for the Highways Agency to continue to take a strategic, growth-led, perspective to future network enhancements.

There is concern that Network Rail's Long-Term Planning Process (LTPP) for Control Period 5 (to 2019) is not cognisant of HS2 issues and that funding for the West Midlands through Network Rail is insufficient.

There is evidence of collaborative working between local authorities within both the GBS and Coventry & Warwickshire LEP areas, such as the HS2 Connectivity Working Group, although there has not been a close working relationship between the two LEPs themselves. There is also potential for HS2-induced growth to be seen as a threat from neighbouring areas. These issues may inhibit the maximisation of the benefits of HS2. There are signs that these barriers could be overcome, for example Coventry & Warwickshire SEP will take account of UK Central in its strategy for employment land.

In terms of UK Central, there is evidence that Solihull MBC has a clear programme to establish the UK Central proposition, incorporating HS2, and to define governance and financial models that are tailored to the specific local circumstances (see panel). This includes the formation of a Shadow Board, identification of a project coordinator and key resources in Solihull MBC and Birmingham City Council.

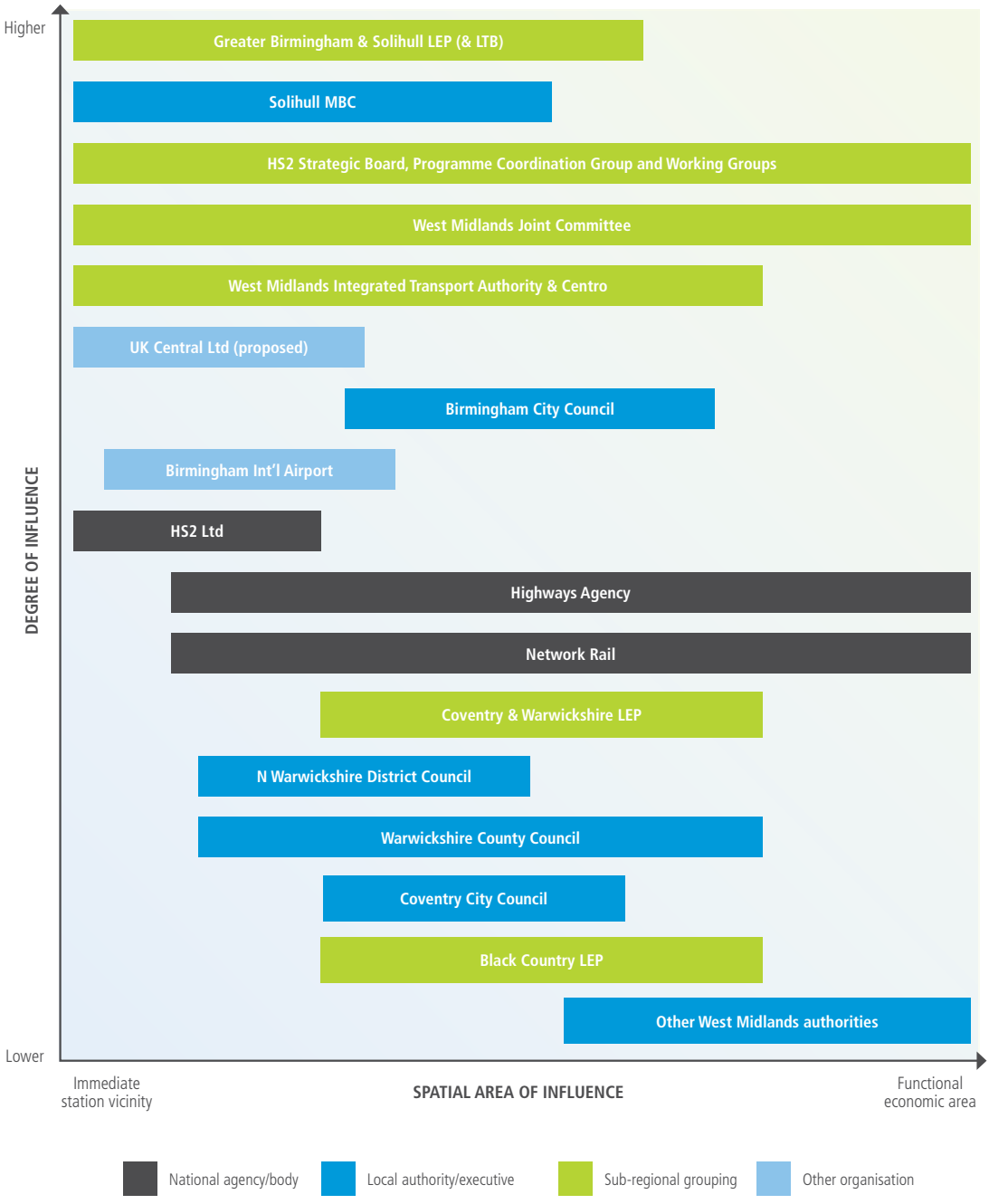


Figure 5. Institutional and governance arrangements (Birmingham Interchange)

Planning and delivery mechanisms

There is a track record of the use of Local Development Orders in the area; they have already been adopted by two authorities in relation to Enterprise Zones and others are being considered elsewhere and could potentially be used within UK Central.

UK Central is considering delivery mechanism options which can capture land use value and consolidation of funding into a single Strategic Investment Model. A Development Corporation model is thought unnecessary by the planning authority on the basis that it already has sufficient powers. The UK Central masterplan refers to creation of 'UKC Limited' to be responsible for coordinating and taking forward the UK Central proposal.

Further, the landowners of the station site are to sign a Memorandum of Understanding to assist in maximising the development of land around the station. However, concern was raised about the potential for HS2 Ltd's land acquisition strategy to affect the potential to develop around the station.

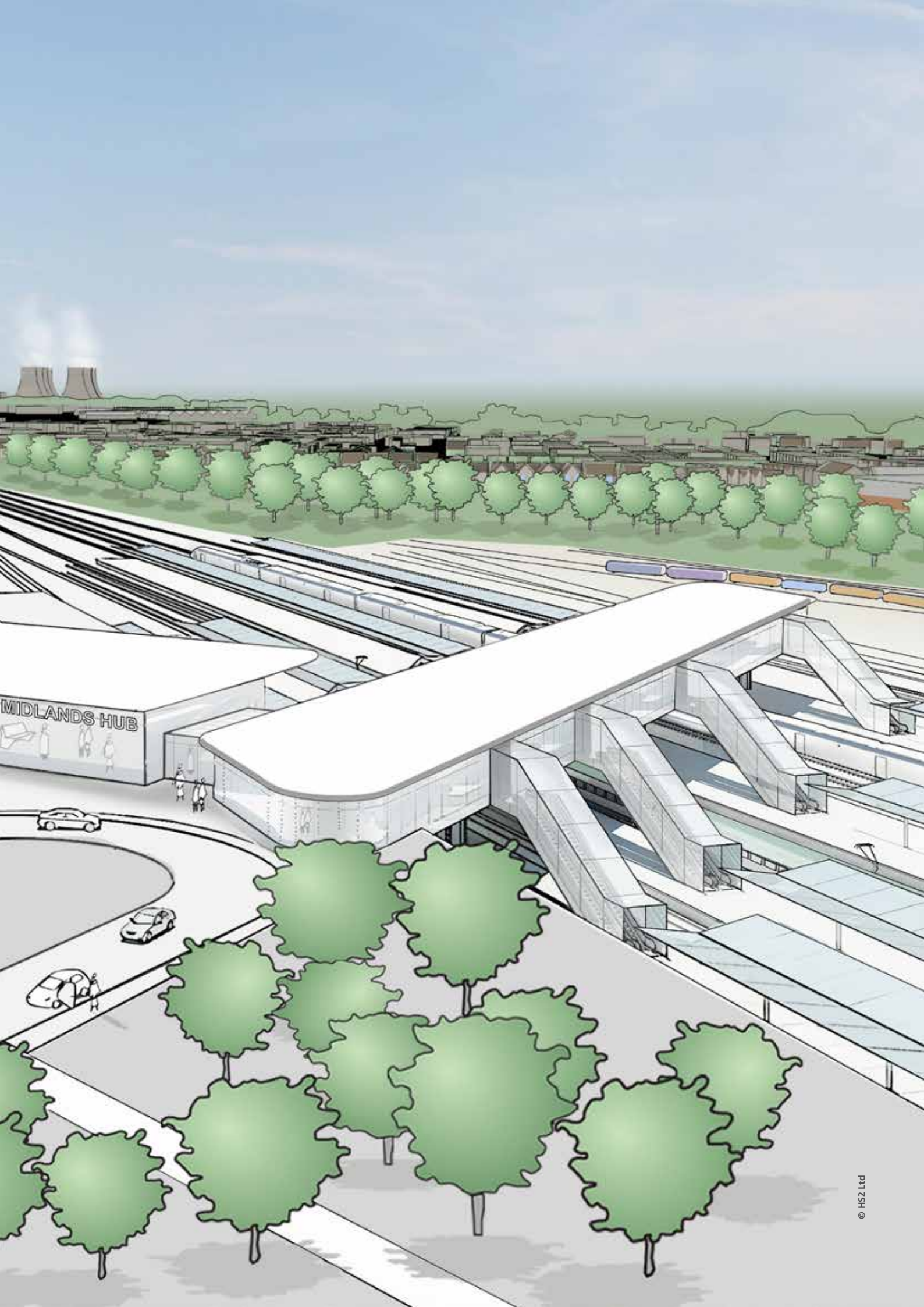
CASE STUDY: SUPPORTING LOCAL DELIVERY MODELS

Maximising the economic and regeneration benefits of the Birmingham Interchange station is intrinsically linked to the successful delivery of the UK Central proposal and, in particular, UK Central Zone 1 (formerly 'the Hub'). Whilst neither is dependent on the other, coordinating the planning, design and delivery of HS2 and UK Central from an early stage could achieve value-adding synergies.

Whilst the UK Central proposal is still at a relatively early stage, SMBC is making progress on establishing appropriate governance, planning and delivery mechanisms. At a West Midlands level, the HS2 Strategic Board has formed to set the agenda for HS2 in order to maximise benefits for the region.

These delivery arrangements have been developed to suit local circumstances; and different models are being established in other locations. Local stakeholders are asking for the Government to proactively support them to make sure that these local arrangements can be effective, rather than impose standard models, such as Development Corporations. This support could take the form of:

- **establish a narrative about the economic growth strategy for the UK, which local areas can then link their proposals to;**
- **greater freedom and flexibility over local revenue generation, in particular where uplifts in business rates or land values will only materialise through their actions;**
- **examine opportunities to pool different funding pots, including those of national agencies, to enable more joined-up planning and delivery;**
- **national recognition of regional/local initiatives to encourage stakeholders and investors to align with them; and**
- **practical support to local areas to help them deliver.**



C

HS2 READINESS:
East Midlands Hub

SUMMARY OF KEY FINDINGS

There are no significant structural barriers in the D2N2 (Derby City, Derbyshire, Nottingham City, Nottinghamshire) economy which will prevent it taking advantage of the economic benefits of HS2. However, lack of available housing sites, low housing targets, and historically low rates of housing delivery could limit growth. The proposed location of the station means that there is uncertainty over where the benefits of HS2 are likely to materialise. An independent assessment of the potential economic benefits of HS2 concluded that there are benefits of some housing delivery in the short-term, but that it is difficult to quantify medium/long-term demand for further development.

Consideration of non-infrastructure challenges and opportunities at the Toton Sidings site are at an early stage; a masterplan is proposed. Limitations on development sites close to the station due to Green Belt mean that the greatest development potential may be within the site itself, along the tram corridor towards Nottingham, and/or in Derby and Nottingham city centres. Views on the appropriate scale and type of development on the site exist, with some stakeholders being concerned about negative impacts on city and district centres.

Providing high quality connectivity to the site is a key issue. Highway access from the A52 is problematic and there would be significant benefits from rapid resolution of this issue. Heavy rail connectivity from the station to Derby, Nottingham and Leicester is also subject to considerable debate. Local stakeholders are unanimous in their view that dedicated shuttle services should be provided at no detriment to existing services and plans to upgrade the Midland Main Line. HS2 Ltd have used a modelling assumption which currently diverts existing services and have stated that they, with Network Rail, have started work to identify opportunities for new services in order to make best possible use of the post HS2 rail network.

Stakeholders are also supporting proposals to run classic compatible services from the three cities to destinations served by HS2, particularly Birmingham and Leeds. These services could deliver very significant benefits for the East Midlands but are not currently included in HS2 Ltd's proposals.

At this stage economic strategies are not aligned and the Local Plans do not capitalise on the opportunity of HS2, largely due to lack of available development sites. Plans will be updated before HS2 opens.

Uncertainties over the final route of HS2 and the location of the East Midlands Hub station are already impacting adversely on business investment and the ability of local authorities and the D2N2 Local Enterprise Partnership (LEP) to plan effectively for HS2. Acceleration of the consultation process would help to minimise these effects.

Institutional and governance arrangements are complex, but there is a track record of joint working locally, and stakeholders are proactive in seeking to establish a 'single voice' for the region. The D2N2 LEP has proposed that it could act as the focus for funding, planning and coordination of delivery for HS2. There is no consensus on the need for special delivery powers, although the LEP is examining options.

Context

The HS2 Phase 2 Consultation document describes the intention to construct an HS2 station to serve the East Midlands at Toton, between Nottingham and Derby, making use of existing railway land to the south-west of Nottingham. The station would consist of four high speed platforms and four platforms for conventional services. There would also be two fast lines through the middle of the station for non-stopping services. The platforms would be at ground level, with the station entrance and forecourt located above and to the east. Passengers would enter the station at the higher level and would descend to the platforms via stairs, escalators or lifts.

The site of the proposed station is alongside an existing rail freight yard north of Long Eaton. The station development would include car parking facilities and a dedicated connection from the A52.

The proposed location of the East Midlands Hub HS2 station is shown in Figure 19 below. The site is approximately 1.5 kilometres from M1 Junction 25.

It is noted that the proposed station site is within the local planning authority district of Broxtowe, in Nottinghamshire. However, the western edge of the site border is the border with the neighbouring planning authority, Erewash is in Derbyshire. However, the main urban areas of Erewash lie on its eastern edge and function as part of the Greater Nottingham conurbation.

Figure 6. Proposed Location of East Midlands Hub HS2 Station

Estimates of economic growth potential

A number of estimates of the economic growth potential of the impact of HS2 on regional Table 3 summarises evidence drawn from a number of available sources on the potential economic growth potential associated with the East Midlands Hub HS2 station.

It is difficult to make direct comparisons between these forecasts due to varying assumptions made and units used. However, the recent work by Volterra suggests that the station could generate up to eight times as many jobs as forecast by HS2 Ltd; but also suggests that the 'annual economic benefits' could be much lower than forecast by KMPG for HS2 Ltd (though noting that the latter include impacts of HS2 released capacity on the conventional rail network).

SOURCE	HS2-RELATED GROWTH	SOURCE/NOTES
HS2 Phase 2 Consultation, Appendix C: Appraisal of Sustainability (HS2 Ltd, July 2013)	▪ 1,500 - 1,600 jobs ▪ 150 - 800 residential units	Jobs estimate based on additional 19,000m^2 of commercial floorspace 'supported' by HS2.
HS2 Regional Economic Impacts, KPMG for HS2 Ltd., September 2013	▪ £1.1 - £2.2 billion GDP impact per year (Derby/Nottingham)	Assumes HS2 Phases 1 and 2. Based on 'low' and 'high' business location effects. Estimated change in economic output by city region in 2037 after investment in HS2 - 2013 prices
Economic Impact of HS2 to Derby (Arup for Derby City Council, Feb 2012)	▪ 615 jobs in Derby ▪ £275m wider economic impact to D2N2 LEP area (60 year NPV)	Based on Toton scenario.
Maximising the Economic Benefits of the East Midlands HS2 Station at Toton (Volterra for Nottingham City Council al, Nov 2013)	▪ 13,350 jobs (East Midlands region) ▪ £575m annual economic benefits (East Midlands region, over £7 billion 60 year NPV) ▪ 200 – 1,500 office jobs via development close to station	Regional job creation estimates based on distribution of Greengauge research which estimates HS2 would support a total of 89,000 jobs nationally.

Table 3. Estimates of economic growth potential (East Midlands Hub)

Assessment of HS2 readiness

Economic and socio-economic structural challenges

The underlying opportunities and challenges in the D2N2 economy are described in detail in the draft D2N2 Strategic Economic Plan (SEP). Strengths include a strong transport equipment manufacturing sector and associated high skills, growth in key sectors such as medicine and bioscience and advanced engineering.

However, the SEP identified that the economy overall is underperforming in terms of GVA/head, private sector job creation, business start up rate, and skills (although skills levels vary dramatically across the economy). Whilst the LEP believes the underlying economic conditions are ready for HS2, it has ambitions to:

- Increase employment and the number of private sector jobs by stimulating indigenous business growth, encouraging higher rates of enterprise and attracting inward investment.
- Raise levels of productivity.
- Improve skills levels within the workforce.

The station location is within the Nottingham economic area, but is also expected to bring benefits to Derby City, south Derbyshire and the M1 corridor; and North Nottinghamshire / North East Derbyshire. However, there is some uncertainty amongst local authorities as to the potential impacts of East Midlands Hub on the economies of Derby and Nottingham, in part due to the continued debate over the HS2 station location, and the early stage of development of connectivity and access arrangements.

District planning authorities in the area have traditionally not achieved their planned housing targets.

Physical infrastructure challenges and opportunities

Opportunities for development on the station site itself have yet to be established, although an HS2 Working Group has been formed to prepare a comprehensive masterplan which will ultimately be incorporated into the Broxtowe Local Plan (although the Plan itself expires in 2028). The masterplan will establish the non-transport infrastructure requirements for the site. Little progress has been made on this to date as the proposed station location was only announced in January 2013.

Potentially development on the site itself could be significantly more than on adjacent sites, depending on how much land is required for railway purposes. However, there are barriers to development of the land to the west of the running lines:

- The site is on floodplain.
- The site is constrained in the west by the River Erewash, the Erewash Canal and sloping land.
- The DB Schenker train maintenance depot.
- A potentially complex grade-separated railway junction north of the A6005.

The availability of sites for development in Broxtowe and neighbouring Erewash districts is limited by Green Belt policy, although the planning authorities acknowledge that Green Belt will need to be released to meet the housing needs of the area. The Bessell Lane Farm site to the north east of the station is the most obvious location for development, albeit currently on Green Belt. Broxtowe Borough Council has received a planning application for low density housing plus 18,000m^2 commercial on this site, but with no access to the HS2 station. The Council is currently considering whether to grant planning consent or wait until the potential for HS2 to enable higher density employment development on this site.

The Greater Nottingham Joint Planning Advisory Board (JPAB)[5] commissioned an assessment of the potential economic benefits of the East Midlands HS2 station at Toton, and how these can be maximised[6]. The study concluded that there were benefits of some housing delivery in the shorter-term, but that it was hard to quantify the short-term demand for commercial development due to the uncertainties around HS2. There remains considerable uncertainty, and difference of opinion, over the preferred scale and nature of development in the vicinity of the station. Some stakeholders are concerned that large-scale development at Toton, especially retail, would be at the expense of the economies of central Derby and Nottingham, as well as district centres, including Long Eaton, Beeston and Ilkeston. Other stakeholders question why tenants would wish to locate at Toton in preference to the Derby or Nottingham CBDs.

The LEP is supportive of maximising opportunities for development at Toton, for the benefit of the D2N2 economy more generally. It estimates that the site could accommodate up to 20,000 homes, and 150,000m of commercial development, subject to discussions with the local planning authorities (retail development is not envisaged, other than to serve residents). An immediate barrier to maximising long-term growth such as this is the availability of funds for LEPs to examine this potential further.

Connectivity

The connectivity strengths and weaknesses of the site are well understood and identification of measures to provide high quality access has been the subject of much interest locally.

Road access is proposed by HS2 Ltd to be from the A52 to the north of the station in the form of an at grade roundabout. Engineering and traffic constraints mean that providing access in this way will be difficult and would be likely to affect M1 Junction 25 close by. Previous proposals to develop Toton Sidings have stalled due to this issue and the Highways Agency has to date been unsuccessful in finding an acceptable solution. This is a key issue which requires resolution if the economic and regeneration benefits of the site are to be unlocked.

The Nottingham Express Transit (NET) is currently being extended to serve a Park & Ride site close to the proposed station (via the NG2 Business Park, Queens Medical Centre, Nottingham University, Enterprise Zone sites and central Beeston). There is general agreement amongst stakeholders that NET should be extended to serve the station, and the development proposal on Bessell Lane Farm makes provision for this. However, the long journey time to central Nottingham via NET means that NET would not offer a credible choice for access to/from the HS2 station (although it would offer good connections to HS2 from to west Nottingham). Initial engineering and financial feasibility work has been undertaken on extending the NET further, over the HS2 station and on to a number of possible western termini, including Long Eaton. Local stakeholders would like to see passive provision for this in the HS2 station design. The local authorities are also generally in favour of a bus, taxi and pedestrian link to the station from Long Eaton to improve local accessibility, but no general traffic access; and are keen to ensure that the station enhances local connectivity in the area, rather than becoming a barrier to movement.

5 Comprises representatives of Nottingham City Council, Nottinghamshire County Council, Broxtowe Borough Council and Derbyshire County Council.
6 Volterra (2013) Maximising the economic benefits of the East Midlands HS2 station at Toton.

Local stakeholders are aligned to the view that high quality public transport connectivity between the HS2 station and the key economic centres (including East Midlands Airport) is required to maximise economic growth in the East Midlands. In summary, stakeholders see the only viable solution to be heavy rail shuttle connections to central Derby and Nottingham, serving those city centres and linking in to the wider public transport networks emanating from them. There is some difference of opinion over how best to provide those services (for example to/from Trent Junction to the south, requiring a reverse movement, or via a new chord at Trowell). However, there is a common view that these services must be provided without detriment to the journey times or frequency of any existing passenger services (for example due to diverting services via Toton); or for HS2 to stall the planned improvements to Midland Main Line (which would affect investor confidence immediately). Some stakeholders are concerned that HS2 Ltd's financial appraisal of heavy rail connectivity options underestimate the additional costs of diversion and ignore the effects of poorer service quality on demand to/from the HS2 station.

Derbyshire County Council and Nottinghamshire County Council are also examining options for new rail services via the Erewash Line (and Robin Hood Line) to Toton from the former coalfield communities in north east Derbyshire and north Nottinghamshire such as Mansfield Woodhouse.

East Midlands Councils (EMC) is also investigating the potential for classic compatible services to run to/from existing city centre stations in the East Midlands and on to HS2[7]. Noting the capacity issues on the southern section of the 'Y' network, and the significant potential journey time savings elsewhere, the work focussed on the following: Nottingham-Birmingham; Nottingham-Leeds; Leicester-Leeds; and Derby-Leeds. Again, there is strong local stakeholder support for these proposals, particularly the Nottingham-Birmingham service, which are seen as vital to enable the East Midlands to unlock the full potential economic benefits of HS2. These services are not part of the current HS2 timetable. There is also concern that HS2 could result in loss of existing cross country connections (for example between the East Midlands and south Wales) which would be to the detriment of the East Midlands economy.

As the announcement about the Toton station location has only been made relatively recently, the connectivity proposals are still at a relatively early stage and unanimity has not yet been reached. However, considerable progress has been made on joint working, in part as EMC and the JPAB have been able to take a coordinating roles. There has been less progress on ways to deliver the NET extensions, or the shuttle and "city centre-to-city centre" rail, and the costs of some enabling infrastructure (such as the Trowell Chord and improvements to Derby South Junction) could be significant.

7 Arup for East Midlands Councils (2013) HS2 Direct Connections Study: Outline Business Case

HS2 in strategic and local plans

The Aligned Core Strategy (ACS) for Broxtowe, Gedling and Nottingham City is currently in examination, and is likely to be adopted in 2015. The announcement about the Toton HS2 station location is expected to result in a modification to the Plan to allow for a residential development on Bessell Lane Farm which is currently designated as Green Belt. The ACS has already been modified to reflect the announcement of Toton station site, and now notes the opportunities HS2 offers, including maximising development in the vicinity of the station. It states that details of the mix of uses will be provided in a site-specific Development Plan Document, following confirmation of land requirements for HS2, including access.

Although Erewash is in Derbyshire, it lies within the Greater Nottingham area and has close working relationships with the Nottingham authorities. The Council's Core Strategy has recently been judged to be sound and is expected to be adopted in March. The Plan assumes that expected housing and employment growth (without HS2) will be accommodated in a number of brownfield sites (including the former Stanton Iron Works). However, limitations of Green Belt and infrastructure mean that the district would require changes to the Plan to accommodate additional growth which may arise from HS2.

In most cases, the Local Plans of authorities in the D2N2 area contain housing targets which do not reflect the potential arrival of HS2 due to the time horizons of the Plans themselves and the long lead times required to amend Plans. Whilst many will be refreshed prior to Phase 2 opening, there is a danger that the potential benefits of HS2 will be limited by the lack of housing supply, particularly if the tendency for authorities to under-deliver against these targets continues. The long lead times before HS2 opens presents a dilemma for these authorities which, on one hand, have to accommodate growth in the short-term but, on the other could make decisions in isolation of HS2 which ultimately result in less growth than otherwise could have been achieved.

At this stage, there is a disconnect between the economic development strategies of the local planning authorities and the LEP's Strategic Economic Plan (SEP). Local authorities are focussing on shorter-term issues such as business start-up advice, and enabling development land, whilst the LEP is, by nature, taking a more strategic, long-term perspective. The draft SEP recognises the importance of HS2 in transforming the rail connectivity of the D2N2 area and the opportunities to benefit more directly from HS2, such as through the planned High Speed Rail College, for example, and impetus for local R&D and spin-out enterprises.

Further detail is anticipated in the final version of the SEP on the benefits of HS2 to the sub-region's economy, the connectivity proposals and on development aspirations for the station site itself. A masterplan for the site is also expected. HS2 has recently assumed a much more prominent position on the LEP's agenda, the LEP itself involving itself more in longer-term strategic planning. Key HS2 issues for the LEP are:

- Providing interconnectivity between the station and the surrounding area.
- Maximising the opportunities of having a rail hub in the area.
- Maximising the benefits of the maintenance depot at Staveley[8].

8 Derbyshire County Council and Chesterfield District Council have commissioned a report to examine the potential economic benefits of the depot.

CASE STUDY:
MINIMISING UNCERTAINTY TO MAINTAIN INVESTOR CONFIDENCE PRIOR TO HS2

HS2 Ltd's announcement in July 2013 of its preferred route and station locations for Phase 2 gave local authorities, Local Enterprise Partnerships, business and investors greater confidence that Phase 2 would proceed. However, at the same time, uncertainty over the final details of the route remains until the Government's response to consultation by the end of 2014. Stakeholders in the East Midlands are clear that this uncertainty is having detrimental effects on the local economy, and on their ability to take full advantage of the potential benefits of HS2. These effects include:

- Direct impacts on businesses. Uncertainty over whether premises will be directly affected by the route means that businesses may not invest in facilities, or go ahead with planned expansion. Costs to businesses can also be affected, for example where they are unable to enter into long-term energy supply deals.
- Impacts on the LEP's ability to act. Derby City Council is lobbying for the HS2 station to be located in central Derby rather than at Toton. Until the station site is confirmed, the LEP is inhibited in its ability to support development around the station site, and connectivity to it.
- Impacts on planning connectivity. Until the preferred station site is confirmed, the ability of the local authorities to plan connectivity arrangements, including lobbying Network Rail, is limited. Stakeholders have noted that engaging with HS2 Ltd during the deliberation period (for example on details of route alignment) has become difficult and is preventing progress being made. The uncertainty also affects decisions affected by the location of the A52 junction.
- Direct impacts on planning decisions. Despite the fact that HS2 is still some way off, planning decisions are being delayed. This may be because a planning authority is unsure of when HS2 will open, and the station location (as in the case with Bessell Lane Farm) or because a development site is likely to be directly affected by the proposed route. An example of the latter is at the Staveley depot site, where development, and associated highway infrastructure cannot proceed until HS2 Ltd confirms whether the route can be modified to accommodate the development. A similar case exists with two sites at Markham Vale.

In all cases, affected parties are seeking certainty that HS2 will happen, the timescales for delivery, and the confirmed alignment.

Whilst there is no question of the need for the Government to properly consider all the responses to consultation, there are clearly benefits in removing these uncertainties as quickly as possible. These benefits would help existing businesses, and prevent investors delaying investment, or looking elsewhere whilst decisions on HS2 are made.

Institutional and governance arrangements

Figure 7 summarises the existing institutional and governance arrangements in the area.

Local government administrative arrangements around the East Midlands Hub station are perhaps the most complex on the proposed network. The station lies adjacent to the boundary between two planning authorities and two county councils and outside the boundaries of either of the two key economic centres in the D2N2 LEP area. As such, the ability of the Councils of those key economic centres to champion HS2 is constrained (noting that Derby City Council is supporting an alternative to the Toton site).

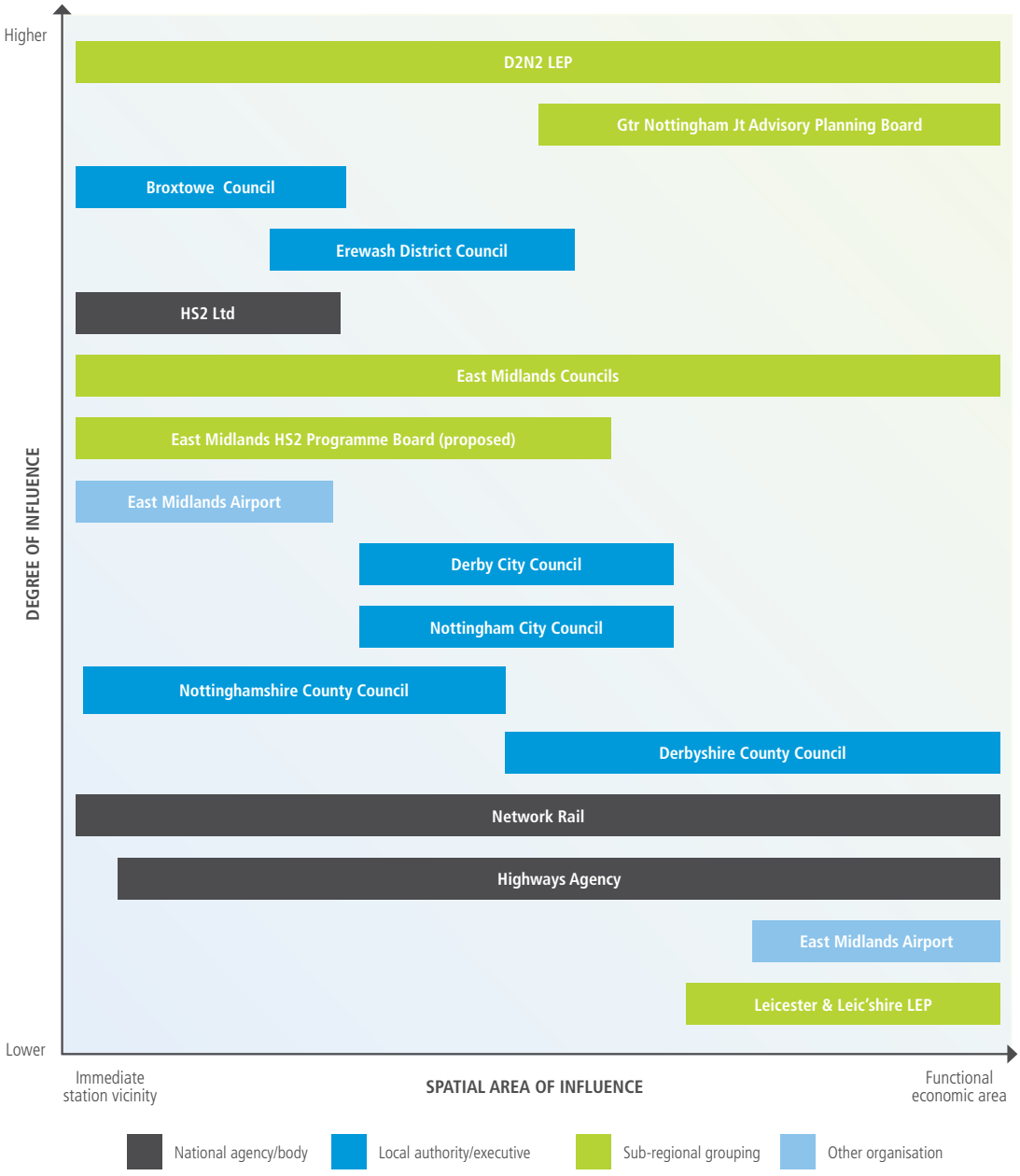


Figure 7. Institutional and governance arrangements (East Midlands Hub)

Having said this, considerable progress has been made on joint working, in part as EMC and the JPAB have been able to take a coordinating roles and have a track record of delivery (for example the Aligned Core Strategies). An HS2 Working Group has recently formed, and the stakeholders are currently developing governance proposals for an HS2 Programme Board for the East Midlands which would provide "high level strategic political leadership for the implementation of Phase 2 of HS2 in the East Midlands".[9]

The LEP too is seeking a key role as a strategic partner and could potentially act as the focus for funding, planning and coordinating delivery of HS2-related infrastructure. Whilst local stakeholders have not yet been consulted on any such plans, some acknowledge the benefits of dealing with HS2 at a LEP-wide level.

Planning and delivery mechanisms

Given the complexity of administration in the area, it is perhaps not surprising that there is presently no unanimity over special planning and delivery mechanisms. The planning authorities would welcome support to bring forward development but whilst some are opposed to the principle of a Development Corporation to do this, others are willing to accept some loss of control in return. Most would agree, however, that such arrangements have never been critical to making development happen.

The LEP is considering some form of delivery agent for the HS2 station area, possibly extending further afield to include East Midlands Airport, potentially as an Urban Regeneration Company.

9 Proposal for an HS2 Programme Board for the East Midlands Paper for D2N2 Infrastructure Board, 4th March 2014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HS2 READINESS:
Leeds New Lane

SUMMARY OF KEY FINDINGS

Leeds South Bank, in which New Lane Station is located within, is described by Leeds City Council as one of Europe's largest regeneration projects, covering a total area of 136 hectares. The Council estimates that the area has the potential to deliver 300,000sq.m of new commercial floorspace supporting 20,000 jobs, as well as 5,000 new homes.

The City Council has been preparing a planning strategy for the South Bank, as the next stage of Leeds' City Centre growth, for a number of years. The Council is therefore well informed about the scale of the existing opportunity and the potential constraints to its delivery.

The City Council recognises that the development of an HS2 station at New Lane has the potential to significantly alter the current planning strategy. As a result, the City Region has set up a programme of work to inform how the city should respond to the introduction of HS2. This includes research on how to maximise the impact from HS2 on the City Region economy, which will in turn inform the physical scale of floorspace that could be provided around the station area, an updated vision for the Southbank area that unites the north and south of the city, a long term rail strategy with HS2 at its heart and a connectivity strategy that integrates HS2 with the city's other existing networks.

Whilst the Council has completed a significant amount in terms of the strategy of how to respond to HS2, until the Phase 2 proposals are formally confirmed, the Council cannot alter their planning strategy within a statutory document. As a result, Leeds is keen to ensure that this potential uncertainty is managed to reduce the risk of planning blight. An announcement on the future of Phase 2 would be welcome as soon as possible to prevent existing plans for growth and regeneration in the South Bank from moving forward.

The new combined authority (due to become operational on 1st April 2014) has also developed proposals for a new West Yorkshire Transport Fund. This fund could raise up to £1 billion over 10 years to help fund proposals to unlock 20,000 jobs. However, uncertainty over how Leeds proceeds with the Fund has the potential to prevent effective planning for local connectivity measures to support growth from HS2 in the wider city region. This issue is now being actively pursued with Government at a high level on possible options to close the funding gap.

The Government's preference for a station serving Leeds and West Yorkshire is to construct a new HS2 station in the Leeds Waterfront area, immediately south of the Victoria Bridge over the River Aire, between Bridgewater Place and the Asda headquarters building on New Lane. Leeds New Lane would be a five-platform station. It would be elevated over the adjacent Meadow Lane to avoid east-west severance; however, changes would be required to the local road network, including Great Wilson Street. The HS2 station would be south of the existing Leeds City national rail station, but connected to it by a pedestrian link. A dedicated car park would be provided, as well as bus and taxi access[10].

Figure 8. Leeds New Lane station and approach area context

10 HS2 Phase 2 Consultation: Leeds New Lane Station Summary

Estimates of economic growth potential

The area around the existing Leeds station includes significant parcels of vacant and underused brownfield land available for development, particularly to the south of the river (The South Bank), to the east of Marsh Lane and along the Wellington Street and Whitehall Road corridors to the west[11]. Current planning policy seeks to promote such areas for comprehensive redevelopment and re-use as major new retail, leisure, hotel, culture and office developments.

Leeds South Bank, which New Lane Station is located within, is described by Leeds City Council as one of Europe's largest regeneration projects, covering a total area of 136 hectares. The Council estimates that the area has the potential to deliver 300,000sq.m of new commercial floorspace supporting 20,000 jobs, as well as 5,000 new homes, and is a key opportunity for the whole city.

Alternative estimates undertaken for HS2 Ltd as part of the Appraisal of Sustainability are consistent with this, identifying up to 385,000sq.m of commercial floorspace, as well as 141,000m^2 of residential floorspace as part of an 'aspirational policy environment'.

SOURCE	HS2-RELATED GROWTH	SOURCE/NOTES
HS2 Ltd HS2 Phase 2 Consultation, July 2013 (p60-61) - Appendix C: Appraisal of Sustainability: HS2 Phase Two	▪ Commercial floorspace: 255,000 – 385,000 sq.m. ▪ 13,200–19,700 jobs. ▪ Residential units: 1,700-2,400	Estimates include an allowance for potential displacement of 1,500 jobs.
Leeds City Council: unlocking and creating value in the Leeds City Region	▪ 300,000sq.m of commercial floorspace ▪ Circa 20,000 jobs ▪ 5,000 new homes	High level estimates, including wider South Bank regeneration area.
HS2 Regional Economic Impacts, KPMG for HS2 Ltd., September 2013	▪ £1 billion GDP impact per year (West Yorkshire).	Estimated change in economic output by city region in 2037 after investment in HS2 - 2013 prices. Includes impacts of HS2 released capacity on conventional rail network.

Table 4. Estimates of economic growth potential (Leeds New Lane)

11 Appraisal of Sustainability: HS2 Phase Two, Appendix C Socio-economic Appraisal

Assessment of HS2 readiness

Economic and socio-economic structural challenges

Leeds is the second largest core city and metropolitan local authority in England with a population of 751,500, which has grown by 5% since 2001. The total value of the economy is estimated to be £18bn per annum (GVA) with over 120,000 of the 445,000 people working in the city employed in the city centre making a contribution of £5.6bn to the city's total economic output. It is the largest employment centre both for financial and business services and manufacturing outside the capital, and has one of the largest concentrations of higher education institutions in Europe[12]. This workforce is estimated to grow by 10% over the next decade and excellent transport connectivity will have a major part to play in realising this potential for economic growth[13].

Although journey times from Leeds to London will be reduced, the reduction in journey times to other Core Cities in the north is also expected to benefit the city significantly. HS2 will bring the Leeds City Region within far closer reach of the Sheffield City Region, the Nottingham and Derby LEP area, and the Birmingham and Solihull LEP areas. The City Council believe that this will help the advanced manufacturing, financial and business services and creative and digital firms across these cities connect to each other, enhancing trade patterns and access to markets both nationally and internationally.

Although the city region does not perform as well as the national average across a range of socio-economic metrics, the area immediately around the station presents a more mixed picture, with high levels of deprivation but positive labour market statistics such as a high level of qualifications and high level of professional occupations, which could help to support economic growth around the station.

Despite the clear opportunities for HS2 to stimulate additional agglomeration and high-value sector-focused clustering around the proposed station, the city region as a whole has a number of challenges to realising its full potential. The city region lags the national average and international competitors on measures of the density, growth and quality of economic activity. Whilst skill levels and employment rates are well above the national average in some parts of the city region, there remain areas where the attainment of qualifications are below average, leading to a lack of upward mobility for some city region communities[14].

Furthermore, there are some highly deprived areas to the south of the proposed station, especially with regard to employment education and skills, with the picture very different to that in the city centre on the north side of the River Aire. Consequently, from a local economic development perspective, the latent regeneration effects of HS2 potentially could be harnessed to contribute to the alleviation of deprivation and unemployment in nearby communities.

There is an established forecasting tool within the city region which provides a detailed picture of future job growth. This provides a strong advantage to the city and enables it to assess and plan for the future growth at both the city region and local level in a coordinated and consistent manner.

However, the proposed station at New Lane and potential economic benefits of this are currently absent from the existing evidence base as the existing forecasts do not extend to the station opening date. However, a number of high level, local assessments have been undertaken by the city region and neighbouring LEPs looking at the potential economic benefits from HS2 in the longer term. Leeds City Council is in the process of establishing a robust evidence base and critical underpinning of the economic element of the Leeds City Growth Strategy. This will include engagement with a full range of local partners in business, communities and academia, although the scope of this work is still yet to be determined.

In summary, although there is not yet a full understanding of the economic opportunities that could be realised as a result of HS2, the City Council recognises the importance of undertaking a piece of work to identify this, which now forms part of its programme of HS2 work over the next year.

12 Leeds City Region Growth Plan
13 Leeds City Council Response to HS2 Phase Two Consultation
14 Leeds City Region Growth Plan

Physical infrastructure challenges and opportunities

There is a high level understanding of the physical capacity for new development within the station hinterland, including around the South Bank regeneration area. This has been informed by the significant amount of work has been completed on the development potential of this area, contained within South Bank Planning Statement, before the potential HS2 link to Leeds was announced.

There is a good awareness of the development capacity on brownfield and other opportunity sites in the surrounding area, although there is less of an understanding about how the design of the station could support additional floorspace, as the station proposals have not yet been finalised. Leeds City Council are aware of the need to mitigate potential east-west severance issues associated with the railway approach, especially given that the city already experiences some north-south severance issues as a result of the River Aire. This will inform the eventual masterplan for the area and the scale of physical development capacity.

Leeds City Council has already identified proposals for amendments to the highway network to accommodate the HS2 station and surrounding development. There are also some relatively well developed plans to create new open space and social infrastructure as part of the wider redevelopment of this part of the city.

Overall, the evidence indicates that further iterations of the existing planning framework for the South Bank area will be required to fully assess the physical constraints and net development opportunities, taking account of the final station design (and links to the existing station), the economic impacts of HS2 and its influence on floorspace demand, as well as the final local transport infrastructure requirements.

Connectivity

A process has commenced to review how connectivity opportunities with HS2 can be maximised, which include work in the city region on the Yorkshire Rail Network Study and the Rail North proposition, as well as the work Network Rail have been doing to examine released capacity. The city region has ambitions to see an extensive electrified urban and regional network and the City Council believes that HS2 offers a unique opportunity to work with partners to review and recast rail services around HS2 to provide new travel options.

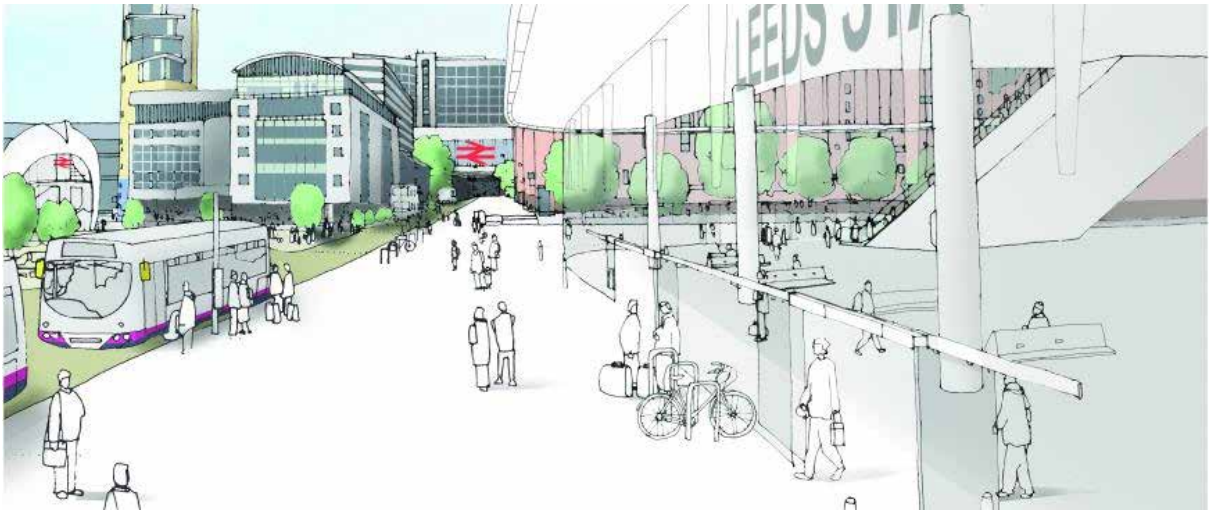
The Yorkshire Rail Network Study (2012) Conditional Output Statement specifies the outputs needed for rail to contribute to economic growth. These are needed irrespective of whether or not HS2 is delivered. Further work is being done so that by March / April 2014 there will be a better understanding of the level of investment needed to deliver these outputs.

The West Yorkshire Local Transport Plan is supported by a daughter document known as 'Rail Plan 7' which has a clear objective to exploit the benefits of HS2. Rail Plan 7 argues that it is important to spread the potentially substantial benefits of HS2 beyond the Leeds boundary to West Yorkshire. This requires the existing "classic" rail network converging on Leeds to provide excellent connectivity and capacity so that people can then move to/from the HS2 station in Leeds easily. Furthermore, connectivity by other modes to the HS2 station will also be imperative. Local rail has an important role in spreading the benefits to other sub-regional centres such as Halifax, Bradford, Huddersfield and Wakefield, as well as the wider city region.

Leeds City Council is of the view that the quality of the link between the station at New Lane and the classic station is absolutely critical to the effectiveness of spreading the growth and regeneration benefits of HS2 to the wider region. The Council recognises that the link from the city centre and between the two stations needs to be as direct and seamless as possible. The Council intends to work with HS2 to ensure that the footprint of the station acts as a catalyst to connectivity. The authority is committed to playing its part in drawing the key public and private stakeholders together in the discussion and planning of a durable long term solution in which future planning policies for the South Bank will play a key role.

Further work is required on the nature of the links between the classic and HS2 stations. Modes such as car, public transport, walking and cycling have to be considered, for example, provision of P&R and public transport interchange for both stations. There is also a need for the Highways Agency to start work to flush out the issues with HS2 and its impact on the strategic road network.

Overall, the evidence is that further work is required to confirm the specific local connectivity measures required to spread the benefits of HS2 across the city region. This requires ongoing partnership with national agencies, such as Network Rail and the Highways Agency. The City specifically recognises the need to draw together existing work and strategies on connectivity into a rail strategy with HS2 at its heart, including an analysis of demand and its origins and the implications for further revisions to the city's rail strategy and plans. The City also recognises the need to better understand impacts of HS2 on existing transport infrastructure, and to plan for what else needs to be done across the public transport and highway network.



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HS2 in strategic and local plans

Leeds City Council have an advanced Core Strategy which promotes a key spatial framework for growth within City Council area including the continued growth of the airport, connectivity improvements between the city and wider city region, as well as adjacent development opportunities within the Aire Valley Enterprise Zone. There is a reliance on the preparation of supporting Development Plan Documents for specific areas which are at a relatively early stage of preparation.

However, due to the Core Strategy timescale, the planning horizon does not go beyond 2028 and therefore the potential scale of development that could be facilitated by HS2, which is not expected to be operational by the early 2030's, is largely absent from the currently adopted statutory planning documents. The fact that HS2 has not yet been confirmed in Leeds means the City Council cannot include it as a key determinate of its planning strategy and therefore cannot include it in statutory planning documents.

Long term support for HS2 scheme and maximising growth opportunities from the station is set out in the draft city-wide strategic plan. Work is currently underway in the development of the Leeds City Region Strategic Economic Plan to address the spatial components of transport planning and connectivity.

Overall, the City Council recognises the need to pull together a single document which identifies a new vision for the South Bank area, with a greater degree of clarity on the scale and type of potential development that could be achieved. This can only be turned into a statutory planning document once the HS2 in Leeds is confirmed by Government. The City Council is also aware that the unconfirmed status of HS2 could blight the area with uncertainty and constrain delivering development in the South Bank. The sooner that the nature of the HS2 proposals can be confirmed, the less likelihood of negative impacts.

Institutional and governance arrangements

Figure 9 summarises the current institutional and governance arrangements covering the Leeds station area.

There is a recognition about the need to maximise the opportunities from delivery of HS2 across the whole of the city region. This is supported by established city-wide governance arrangements incorporating a number of delivery agencies which provides a coherent and co-ordinated framework for growth.

On 1st April 2014, a Combined Authority will be formed for Leeds that will have responsibility for economic growth and transport, with York as an associate member. The West Yorkshire Transport Fund will also launch in 2014, and, it is hoped, will provide £1bn for investment over a ten year period (see case study below).

Leeds City Region has also set up an HS2 and City Centre Project Board, which is responsible for the oversight of all workstreams including shaping the direction, monitoring progress and resolving high level issues. The workstreams that report to it include planning, connectivity, communications and infrastructure and HS2 skills. It is also expected to engage with the Districts, possibly through the Local Transport Plan Board. The Council are committed to supporting the board with key task orientated sub-groups to develop the propositions and response.

The existing governance arrangements therefore provide a basis for planning and coordinating the opportunities from HS2 and there does not appear to be a strong case for alternative governance models.

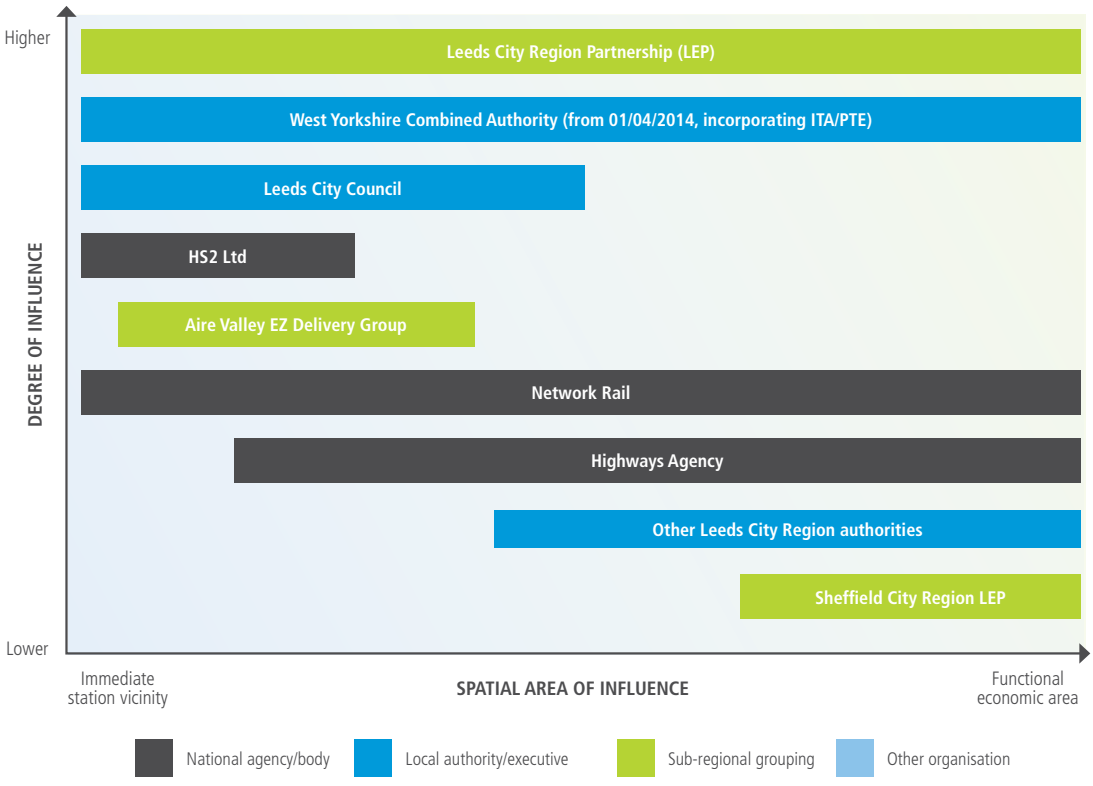

Figure 9. Institutional and governance arrangements (Leeds New Lane)

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Planning and delivery mechanisms

In terms of funding and delivery, a number of mechanisms have been or are in the process of being established across the city region, including the 'West Yorkshire Transport Fund Plus' and co-ordinated investment plan. It is envisaged that this could enable £1bn of investment over ten years and will operate on a revolving basis with local freedom to decide priorities without further reference to Whitehall. However, the current status of this fund is presently uncertain (see case study below).

Government has already agreed as part of the City Deal to 10 years of indicative devolved local major transport scheme funding, with the West Yorkshire Partners also agreeing on the fund structure. However, the specific mechanisms to deliver the full fund are now being discussed.

It does not appear that significant work has been undertaken looking at potential delivery mechanisms, planning relaxation or prevention of land speculation in relation to HS2. However, Local Development Orders are in place and there are a number of other partnerships and agreements within the city region which will assist with delivery. Leeds City Council is actively engaging with Government to identify the full range of potential delivery mechanisms.

Stakeholders have confirmed that the necessary planning and delivery mechanisms are available within the current institutional and governance structures and that an urban development corporation or equivalent is not essential. There is no evidence to suggest that the existing planning and delivery mechanisms are limiting consideration of opportunities to maximise HS2 driven growth. However, there is a need to confirm the status of the West Yorkshire Transport Fund with central Government as soon as possible.

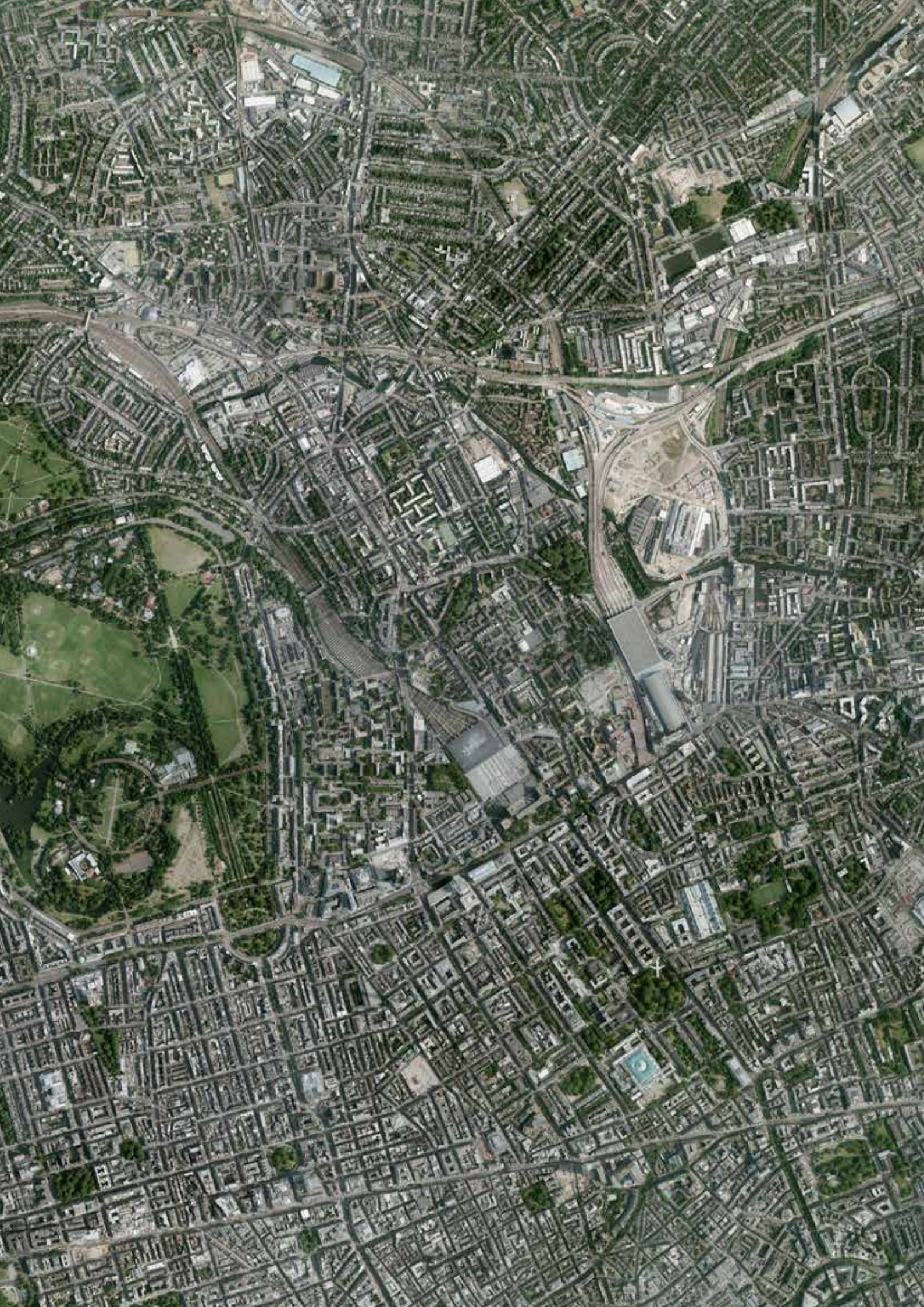
CASE STUDY:

THE NEED FOR CERTAINTY ON FINANCE MECHANISMS

When the Leeds City Deal was announced in July 2012, the Council identified it as a 'transformational' moment for the regional economy. West Yorkshire transport authority Metro planned to build a £1 billion 'West Yorkshire Transport Fund Plus' to spend on local transport infrastructure with the aim of unlocking economic growth. This fund would be built up from future transport funds, including an increase in the local transport levies on West Yorkshire councils. This fund would be particular useful to help unlock the potentially significant opportunity presented by the HS2 station at New Lane.

Officers across West Yorkshire and York had drawn up a list of more than 30 major projects they were hoping could be delivered by the new fund, with the aims of creating 20,000 new jobs.

However, because of new legislation being put through Parliament, increases in the levy could push a council's annual increase in council tax bills above 2% triggering a local referendum. This potentially threatens the structure of the Transport Fund and the Council's ability to plan for major new infrastructure and economic growth. West Yorkshire is currently working on possible alternative funding arrangements to help build the Fund. This highlights the need for a greater degree of certainty amongst local authorities in terms of the level of financial autonomy and borrowing powers that are sanctioned by central Government. Further uncertainty is highly likely to reduce confidence from private investors and could lead to unnecessary planning blight at key sites and reduced growth and regeneration.



HS2 READINESS:
London Euston

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SUMMARY OF KEY FINDINGS

The London Borough (LB) of Camden and its partners, Transport for London (TfL) and the Greater London Authority (GLA), have been preparing a planning strategy - the Euston Area Plan - to respond to the opportunity presented by the potential redevelopment of the existing Euston station by Network Rail. The Plan was prepared as a direct result of HS2 Ltd announcing Euston as the southern terminus, and was part funded by HS2 Ltd in recognition that a comprehensive approach to maximising regeneration opportunities is required.

LB Camden, with TfL and the GLA, have overseen a range of supporting studies which identify the potential future economic role of the station area and demand for floorspace, the physical capacity for growth, as well as the local transport impacts of HS2, taking into account likely future growth in travel through the station.

There is high demand for a range of floorspace types in the Euston Area, with the redevelopment of the station presenting the single biggest opportunity to accommodate future growth. The final station design is therefore important in facilitating the eventual scale of growth and regeneration benefits that could be realised in the Euston Area.

LB Camden believe that the original 'HS2 baseline' scheme for Euston offers a much more comprehensive redevelopment capable of enabling a greater scale of growth and regeneration opportunities. The EAP Economic Vision estimates that the baseline scheme, with development above sunken tracks could generate an additional 13,500 jobs and £950million per annum of Gross Value Added at Euston once complete. This compares to an estimated 7,000 jobs and £270million per annum of GVA from the current preferred HS2 Ltd design (Option 8), mainly as a result of the reduced potential for office floorspace above the station which would accommodate higher value jobs.

LB Camden recognises that the 'HS2 Baseline' scheme is more costly. The key to unlocking a higher scale of growth therefore lies in the ability to develop a funding structure which can provide the required levels of funding to pay for the upfront infrastructure costs. HS2 Ltd will need to work with LB Camden and its partners, the GLA and TfL, to consider how such a funding structure might work. There is also a need to consider alternative options that may be able to realise a greater degree of floorspace, growth and regeneration, with lower costs.

Context

The current proposals for Euston are that the existing station will be upgraded and extended by approximately 75m to the west to become the London terminus for the project. Eleven new HS2 platforms will be provided and 13 of the existing 18 platforms will be retained. The upgraded station will include a single modernised concourse and improved connections with rail, London Underground (Northern and Victoria lines and a new direct link with Euston Square underground station) and bus services[15]. The station location is shown in Figure 10.

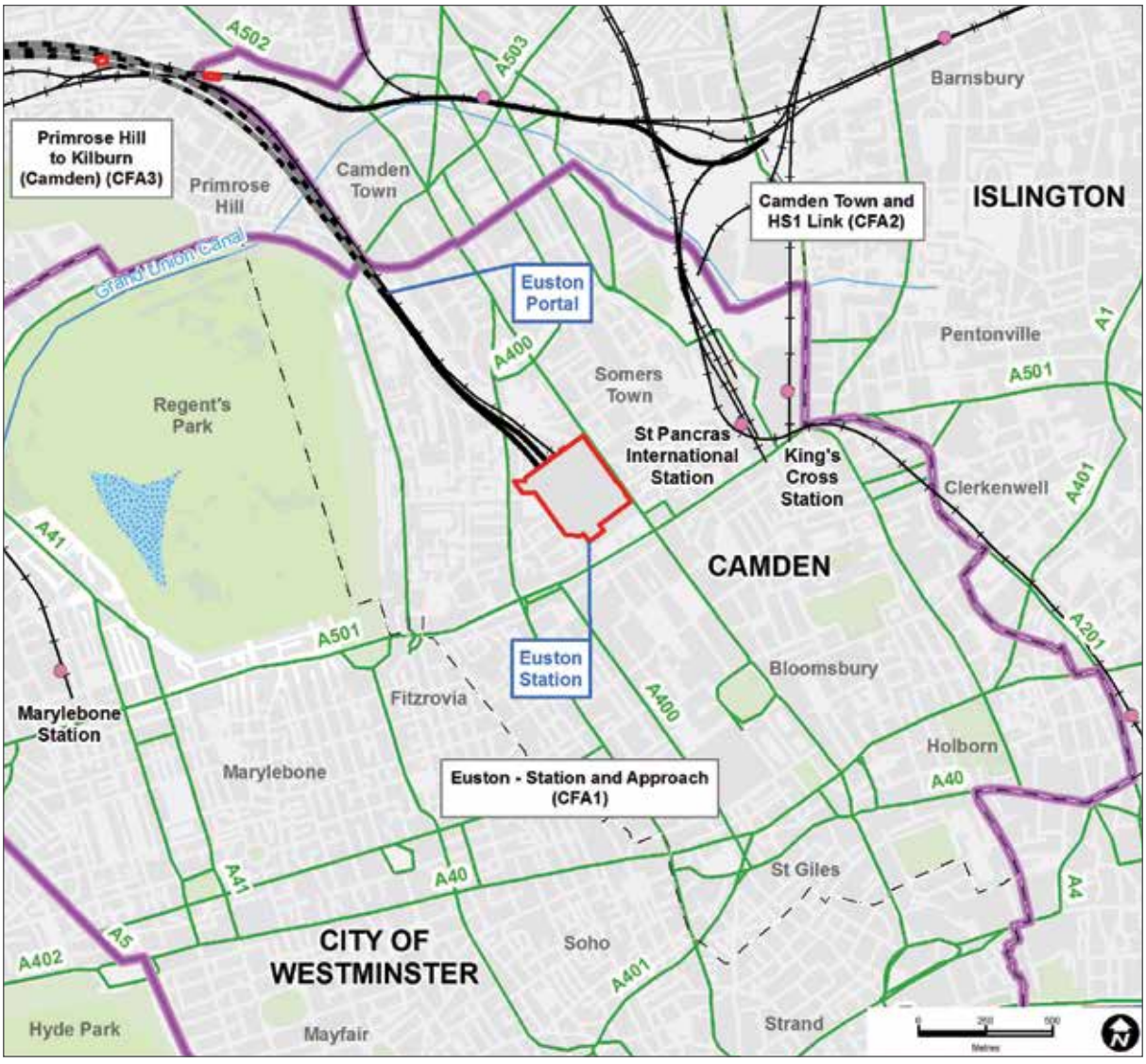

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Figure 10. Euston Station and approach area context

15 Phase 1 Environmental Statement: Non-technical summary

Estimates of economic growth potential

A range of estimates exist of the scale of the potential growth and regeneration benefits that could be facilitated by an HS2 station at Euston. HS2 Ltd's Appraisal of Sustainability: Socio Economic Report, estimates that the station is likely to have a significant positive effect on the regeneration of the area in the immediate vicinity of Euston station[16]. However, the report also states that it is not likely that HS2 would be a significant catalyst for development in the wider Euston area because the market would seek to maximise the density in this prime central London location in the normal course of development activity. The report suggests that net additional employment within the catchment area due to HS2 is likely to be in the region of 2,000 jobs (see Table 5).

The evidence submitted by LB Camden[17] and the Mayor of London[18] indicates that the scale and depth of the local economic impact of the proposed HS2 station at Euston will be determined by the approach taken to station design and the planning of surrounding redevelopment. LB Camden, TfL and GLA consider that HS2 Ltd's current proposal for Euston station (Option 8) is not sufficiently ambitious in terms of regeneration and local economic growth. Moreover, LB Camden objects to the proposal on the grounds that Option 8 fails to create the conditions for growth whilst having substantial adverse effects on local communities through the demolition of over 200 homes and 65 businesses. As a result, LB Camden has called on HS2 to look at other options for station design, including the community-led Double Deck Down scheme.

LB Camden draws on detailed research commissioned by the Council to inform the Euston Area Plan[19] (EAP) which includes the Euston Area Economic Vision[20] . This research indicates that the 'original HS2 baseline' option for Euston Station offers comprehensive redevelopment capable of enabling significant regeneration and economic growth opportunities. Based on an option of comprehensive station redevelopment which lowers tracks and platforms, the research concluded that the following regeneration and local economic outputs could be achieved following completion:

- Up to 13,500 additional jobs.
- Up to 280,000 sq.m. of employment floorspace.
- Up to 3,300 additional homes associated with station and over-site development to the north and a potential further 500 homes through housing intensification across the wider area.
- Gross Value Added of employment of more than £950 million per annum.

Assuming that effective governance and delivery structures were put in place to deliver the EAP vision alongside successful access to adequate capital funding, we consider that evidence supporting LB Camden's position is sufficiently robust and that the regeneration and economic growth outputs are achievable in the long term.

However, this compares to an estimated 7,000 jobs and £270 million per annum of GVA from the current proposed station, as a result of the reduced capacity to support additional floorspace – see Figure 11. This estimate is based on maximising development above the option 8 station – as shown in the current Euston Area Plan (Submission version), which would require design changes to the Option 8 scheme as shown in the HS2 Hybrid Bill/ Environmental Statement. Camden are therefore urging HS2 to reconsider the proposals for the station in order to maximise the growth and regeneration opportunities that are possible in this part of London.

16 ibid
17 Submission to the HS2 Growth Task Force, LB Camden, January 2014
18 Letter from Sir Edward Lister on behalf of the Mayor of London to HS2 Growth Task Force, 2014
19 Euston Area Plan – Proposed Submission Draft (LB Camden, January 2014).
20 Economic Land Use Vision, Euston Area Plan (GVA & AECOM for LB Camden, December 2013).

SOURCE	HS2-RELATED GROWTH	SOURCE/NOTES
HS2 Ltd HS2 London to West Midlands – Appraisal of Sustainability, Appendix 3 (Socio-Economics), February 2011.	▪ 2,000 jobs	HS2 Ltd estimates of jobs created around stations ('supported'). Refers to additional jobs facilitated by HS2, rather than total additional jobs.
Economic Land Use Vision, Euston Area Plan (GVA & AECOM for LB Camden, December 2013). Submission to the HS2 Growth Taskforce, LB Camden, January 2014	▪ Up to 13,500 additional jobs. ▪ Up to 300,000m^2. of employment floorspace. ▪ Up to 3,300 additional homes associated with station and over-site development to the north and a potential further 500 homes through housing intensification across the wider area. ▪ Gross Value Added of employment of more than £950 million per annum.	Based on an option of comprehensive station redevelopment which lowers tracks and platforms, not HS2 Ltd preferred station design (option 8) for Euston at time of writing.
Economic Land Use Vision, Euston Area Plan (GVA & AECOM for LB Camden, December 2013). Submission to the HS2 Growth Taskforce, LB Camden, January 2014	▪ Up to 7,000 additional jobs ▪ Up to 180,000sq.m of employment floorspace ▪ Up to 7,700 jobs ▪ Gross Value Added of £270million per annum	Based on HS2 Ltd preferred station design (option 8).
HS2 Regional Economic Impacts, KPMG for HS2 Ltd., September 2013	▪ £2.5 - £2.8 billion GDP impact per year (Greater London).	Estimated change in economic output by city region in 2037 after investment in HS2 Phases 1 and 2 - 2013 prices – includes impact of Old Oak Common and impacts of HS2 released capacity on conventional rail services.

Table 5. Estimates of economic growth potential (London Euston)

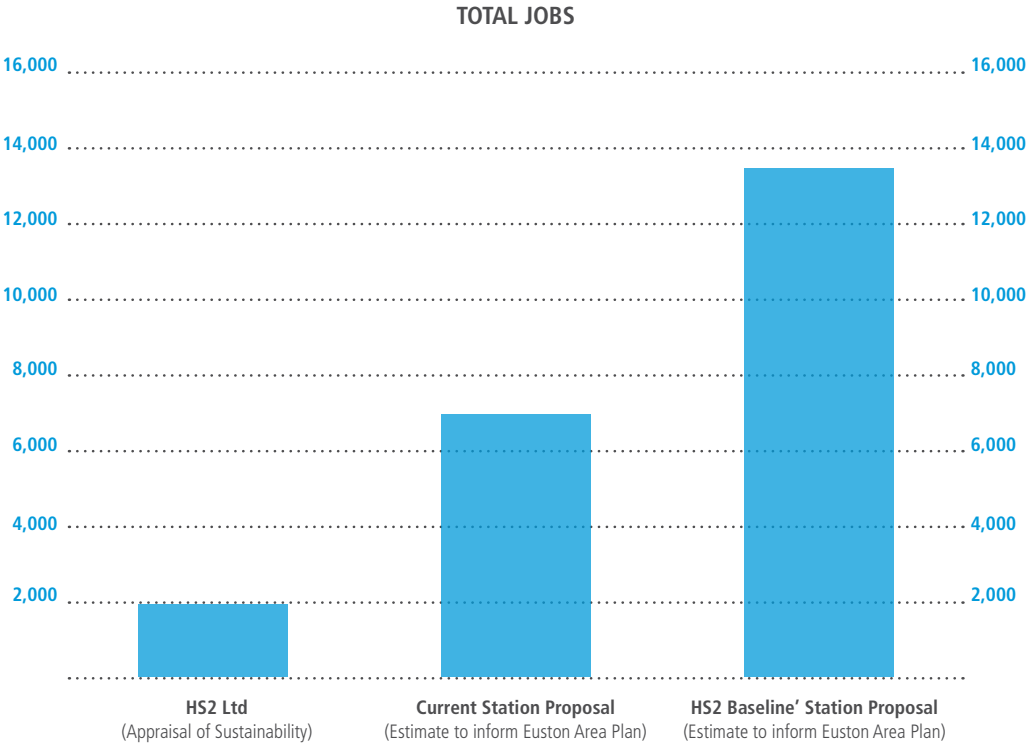

Figure 11. Estimates of growth associated with HS2 station at Euston: Total jobs

Assessment of HS2 readiness

Economic and socio-economic structural challenges

As an inner London borough that has witnessed substantial regeneration over recent decades, Camden displays strong economic characteristics which can readily be capitalised upon through a major development initiative such as a HS2 terminus. Indeed, in the vicinity of Euston and Kings Cross / St. Pancras, this area of Camden is home to notable clusters of knowledge based economic activity. This includes medical and research institutions such as University College London (UCL), UCL Hospital, the Wellcome Trust and the Francis Crick Institute. There is also a significant clustering of high-value businesses and UK headquarters including a high representation of digital, media, advertising, publishing, engineering and architecture sectors. Outside of the Euston / Kings Cross area, Camden town is home to one of London's most vibrant and successful concentrations of creative industries and services.

- Overall, there are approximately 310,000 jobs provided in LB Camden of which 23% are professional, scientific or technical in nature compared to the national average of only 7%[21].
- At 4.5%, unemployment in Camden is marginally above that of the national average (4.4%) but lower than the London-wide average (5.2%)[22] .
- Reflecting the high-value nature of jobs concentrated in Camden; over 50% of the Borough's residents aged 16-74 are qualified to NVQ Level 4 or above[23]. This compares to the London and national averages of 38% and 27% respectively.
- The population of Camden is projected to increase by 8% from 213,500 in 2011 to approximately 230,000 by 2026. Over the same period, the population of the St Pancras and Somers Town ward is expected to grow by 45% from 13,700 to 19,900[24].

Despite the clear opportunities for HS2 to stimulate additional agglomeration and high-value sector-focused clustering around the proposed station, concentrated neighbourhoods within the Euston and wider Kings Cross and St. Pancras localities are characterised by significant socio-economic challenges. For example, in the St Pancras and Somers Town ward:

- 6 out of the ward's 8 Super Output Areas are within the 10% most income deprived in the country[25].
- Unemployment was 5.7% in 2011 (compared to the London average of 5.2%).
- 22.7% of those aged 16-74 in 2001 had no qualifications (compared to 12.7% in Camden and 17.6% in London).
- There are high levels of income deprivation in the Euston station catchment area, and travel to work data suggest that the majority of those who work near Euston station (94%) do not live in that area[26].

Consequently, from a local economic development perspective, the latent regeneration effects of HS2 potentially could be harnessed to contribute to the alleviation of deprivation and unemployment in nearby communities.

The Euston Area Plan has been underpinned by the Euston Economic Land Use Vision, updated in December 2013. This sets out a detailed assessment of the local and strategic property market context, the requirements of particular sectors that could be attracted to the area and the retail role of the station.

The specific role that the improved connectivity facilitated by HS2 will have on the demand for floorspace is not considered to any significant degree. However, given that the strongest drivers of demand are likely to come from Euston's location on the edge of the West End property market, increased connectivity is not expected to be the most important component of growth. The Economic Land Use vision does include a comprehensive analysis of the amount of West End growth that Euston could be reasonably expected to attract, as well as benchmarking of office schemes associated with other London rail terminals.

21 ONS, 2012 / Euston Area Plan – Background Report (LB Camden, January 2014).
22 2011 Census
23 2011 Census.
24 GLA, 2011 / Euston Area Plan – Background Report (LB Camden, January 2014).
25 Indices of Deprivation, 2010 / Euston Area Plan – Background Report (LB Camden, January 2014).
26 HS2 London to the West Midlands: Appraisal of Sustainability: Appendix 3 – Socio-economic Report

The Economic Land Use Vision is therefore considered to be a sound basis on which to identify the scale of development potential in the Euston area.

LB Camden has also completed work on the potential economic costs to the Borough that could result from the current construction plans. These include the demolition of 223 homes, a loss of £4.98 billion Gross Value Added and 3,270 jobs at risk. Furthermore, the HS1 Link in its current form is also expected to be highly damaging to Camden Town, with the local Business Improvement District estimating that it could cost the local creative economy over £600m and 9,000 job losses. LB Camden is therefore proposing that the Link is dropped in its current form.

Physical infrastructure challenges and opportunities

The physical scale of development set out in the Euston Area Plan has been informed by a detailed study of the surrounding built context and modelling of potential impacts on strategic views as identified in the London View Management Framework (LVMF). The Plan recognises that there may be potential for some buildings to go higher than the guidelines set out in the document, although this would need to be thoroughly tested against the LVMF, as well as the character of the surrounding area and impact on heritage assets.

The Plan also includes some consideration of infrastructure required to support development, including social infrastructure, open space, public realm and other transport infrastructure. The masterplan and scale of floorspace proposed is therefore considered to be based on a sound understanding of the physical constraints and opportunities.

Connectivity

The Euston Area Plan considers the transport impact of HS2 on the existing network with recommendations on the additional capacity required to support growth. The Plan includes key transport measures to mitigate HS2 impacts and support growth and development in the area, recognising it is not solely HS2 that will create capacity issues for onward travel at Euston.

It is recognised that HS2 at Euston cannot proceed without strong evidence and a firm commitment that onward capacity at Euston can be accommodated. Onward capacity of a range of transport modes has been included in the Euston Area Plan, including pedestrian, cycling, Underground, Crossrail, taxi, and buses. LB Camden and TfL have serious concerns that there is insufficient spare capacity on the Underground lines at Euston to accommodate the increase in passengers from HS2. As a result, both Camden and TfL have asserted that additional public transport services, such as Crossrail 2, must be planned for and included within HS2, with Crossrail 2 being integrated into the design now in order to minimise the disruption and construction impacts, and future proof the redesign of Euston Station.

The Transport Assessment prepared for the hybrid Bill submission demonstrates that transport infrastructure at Euston will be at capacity before HS2 is complete so solutions to address general growth and development, and increasing demand, will have to be implemented in advance of HS2.

Camden is also working with TfL on other initiatives such as the Roads Task Force, and is forming project boards with them and neighbouring boroughs including LB Islington to monitor the impact of major schemes like HS2 on major roads in the area such as Euston Road and the King's Cross Gyratory. This is with the objective of developing changes to the road network in the most effective manner in light of all the challenges the area faces with a view (amongst other factors) to supporting the area's regeneration in the long term, for example by creating the most appropriate environment for business.

HS2 in strategic and local plans

The Euston Area Plan sets out a clear vision for the growth potential associated with the area and includes a long term vision for Euston, with or without HS2, which also reflects previous aspirations in and around Euston station.

The Plan is consistent with the Camden Local Development Framework and the London Plan, as well as the Camden Plan, which focuses on some of the borough's biggest challenges such as inequality, child poverty, getting young people into employment, building new homes and investing in growth.

However, as set out above, LB Camden, TfL and GLA consider that HS2 Ltd's current proposal for Euston station (Option 8) is not sufficiently ambitious in terms of regeneration and local economic growth. Further details are set out in the case study below.

CASE STUDY:

HOW STATION DESIGN IS CRITICAL TO MAXIMISING THE GROWTH AND REGENERATION BENEFITS OF HS2

LB Camden and its partners TfL and the GLA have been preparing a planning strategy - the Euston Area Plan - to respond to the opportunity presented by the potential redevelopment of the existing Euston station by Network Rail for the past two years.

The Euston area is currently experiencing strong demand for employment uses, which is part of a wider trend of strong growth in central London, driven by knowledge-based industries, which are now looking for edge-of-centre locations which are cheaper than the West End and have excellent transport accessibility, such as Paddington, Victoria and Kings Cross. Independent research undertaken for LB Camden, GLA and TfL to develop the evidence base for the Euston Area Plan shows there is a significant opportunity for Euston to become a new landmark economic knowledge hub, combining commercial, office and knowledge sector uses that build on the existing strengths of the area.

Because Euston is relatively physically constrained in terms of its growth potential, with a low number of large brownfield sites, the redevelopment of the station represents by far the biggest opportunity to facilitate the development of new floorspace within the foreseeable future. The research on economic potential indicates that future demand for floorspace is likely to be well in excess of the floorspace that could be developed by the current HS2 Ltd Option 8 proposals.

LB Camden and the GLA believe that the original 'HS2 baseline' scheme for Euston offers a much more comprehensive redevelopment capable of enabling a greater scale of growth and regeneration opportunities. The Euston Area Plan Economic Vision estimates that the baseline scheme, with development above sunken tracks could generate an additional 13,500 jobs and £950million per annum of Gross Value Added at Euston once complete. This compares to an estimated 7,000 jobs and £270million per annum of GVA from the current Option 8, mainly as a result of the reduced potential for office floorspace above the station which would accommodate higher value jobs.

The final station design is therefore key to facilitating the eventual scale of growth and regeneration benefits that could be realised in the Euston Area. Clearly, there are cost implications associated with an option that involves sunken tracks and decking, as per the original HS2 baseline option. Furthermore, delivery of the Euston Area Plan during the construction phase may cause disruption to railway operations which would need to be mitigated.

HS2 Ltd will need to work with LB Camden and its partners, the GLA and TfL, to consider alternative options that may be able to realise a greater degree of floorspace, growth and regeneration at an acceptable cost. There is also a need to consider funding mechanisms that can pump-prime the large upfront infrastructure costs to unlock a larger scale of growth and regeneration.

Institutional and governance arrangements

The current institutional and governance arrangements for those bodies which have an influence over the development of Euston station is shown in Figure 12 below.

Camden has set up a Management Board and a Strategic Board to take forward the Euston Area Plan. The Strategic Board is attended by the Chairman of HS2 Ltd along with representatives from the Department for Transport and Network Rail, the Leader of Camden Council and the Deputy Mayor of London for Planning. This joint governance approach with local authorities is critical to help progress proposals for development, which seek to meet local aspirations, and reflect the reality of delivery constraints faced by the government. The Euston Area Plan Strategic Board is currently considering how it will be involved in the future implementation of the development potential of the station.

LB Camden considers local partnership based governance and management to be the most appropriate approach to delivering development and maximising benefits from HS2. LB Camden highlight the fact that the success of the Kings Cross scheme can be attributed to the Council's early engagement, visioning and partnership working leading through to delivery. This, and other local development experience, can be utilised to facilitate HS2. Unlike in other areas, such as at Old Oak Common, which is spread over three local authorities and where land values are much lower, LB Camden is of the view that a development corporation approach is not necessary for Euston. Instead, the Council are confident they can lead the efforts to maximise growth and regeneration benefits, working with private sector land owners and developers, as well as Network Rail and HS2 Ltd.

However, LB Camden is of the view that there is a need to encourage greater working with other national stakeholders, such as Network Rail, overcome the technical constraints of delivering a comprehensive redevelopment scheme at Euston such as enabling decking over the station and tracks.

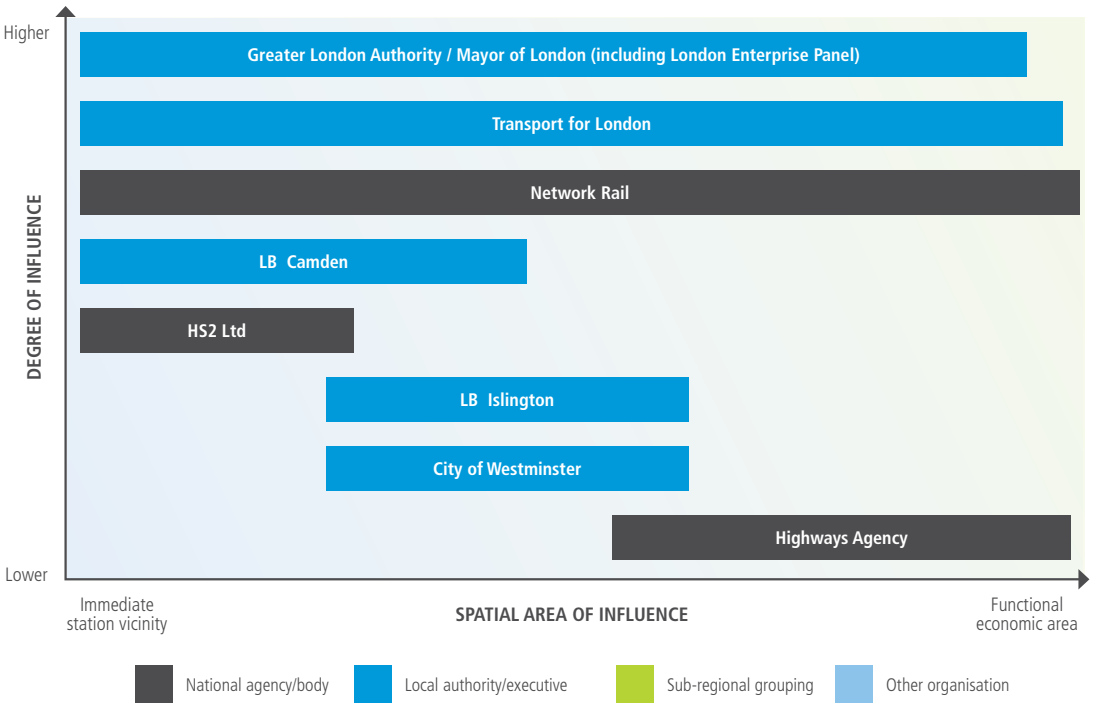

Figure 12. Institutional and governance arrangements (London Euston)

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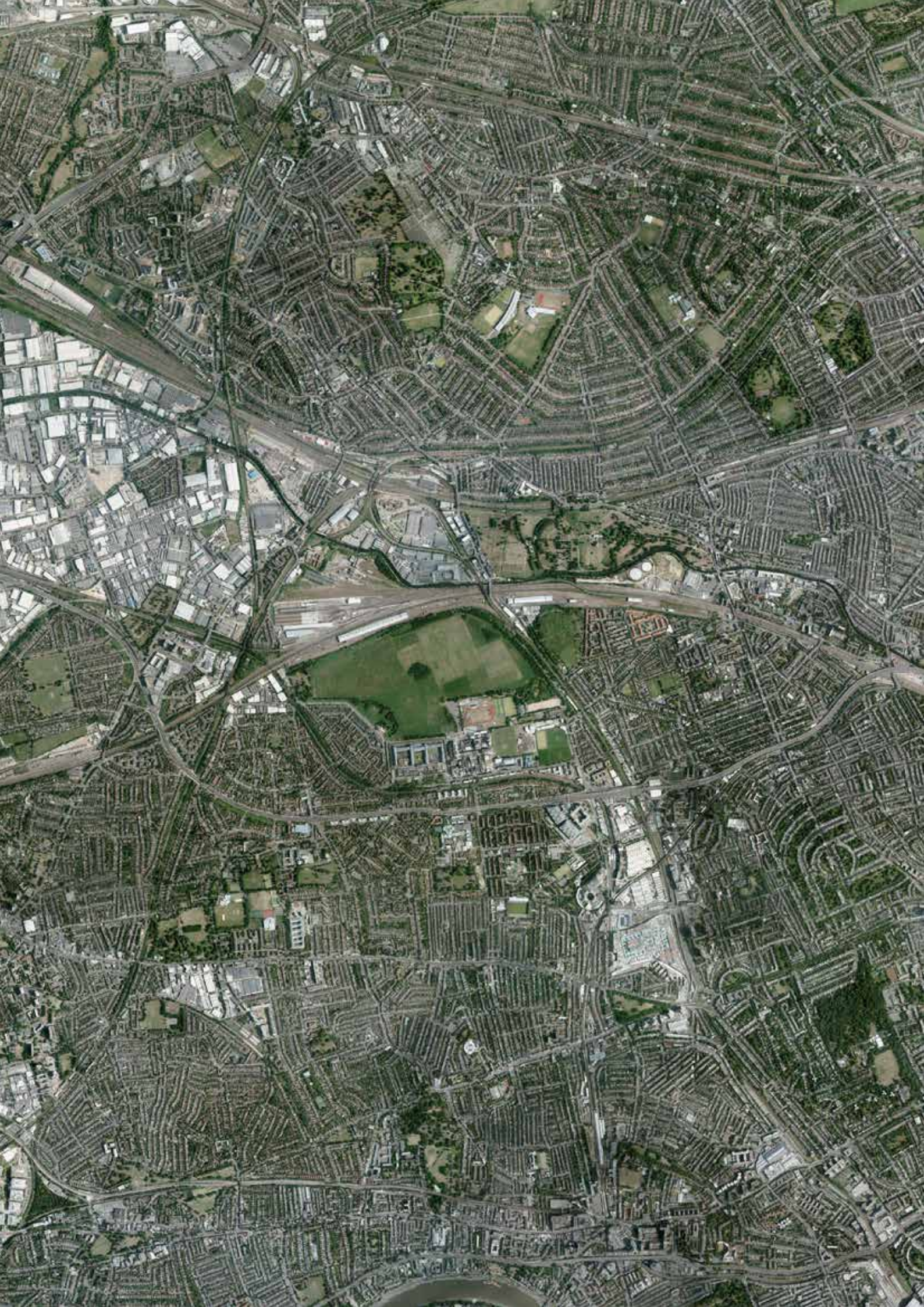
Planning and delivery mechanisms

LB Camden is pushing for Government to commit to the delivery of the vision set out in the Euston Area Plan through upfront funding for infrastructure, such as decking, to attract investors. Camden wants to create a top class environment at Euston which requires the comprehensive redevelopment of the station site. Camden would therefore like Government to provide public funding or finance mechanisms to deliver a better scheme at Euston including upfront funding for full decking to enable over-site development and the delivery of new homes, commercial uses and replacement open space. The Council has stated that it is willing to work with partners to identify the most appropriate funding package.

Camden Council has good relations and mechanisms to engage with the business community including through the Camden Business Board and local Business Improvement Districts (BIDs) and business networks. During the Kings Cross redevelopment, the Kings Cross and St. Pancras Business Partnership was set up to promote and develop the area as a business location and allowed for expertise and resources to be shared.

Camden has concerns over the current scheme proposals in terms of their potential to cause planning blight. The Council wants HS2 Ltd to commit and provide funding for a comprehensive blight mitigation strategy to minimise the adverse impacts of the HS2 scheme on Camden's communities and to safeguard future growth.

Camden is also keen that, learning from King's Cross, HS2 Ltd should provide a formal mechanism and commitment to secure local growth interventions through the Hybrid Bill / HS2 Act, rather than having to rely on the existing mechanisms available, such as CIL.



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HS2 READINESS:
London Old Oak Common

SUMMARY OF KEY FINDINGS

Three London boroughs, in partnership with the Greater London Authority (GLA) and Transport for London (TfL), share a common vision of the key opportunities and ambitions which could be realised through HS2 Ltd's station proposals at Old Oak Common. This is advocated through a comprehensive master planning approach to delivering extensive regeneration in the wider area surrounding Old Oak Common. This vision is clearly expressed in the document, 'Old Oak: A Vision for the Future, June 2013.' Produced jointed by the London Boroughs of Hammersmith and Fulham, Brent and Ealing, Mayor of London and TfL, the vision has its origins in past strategy work focussed on the area's designation as Park Royal Opportunity Area in the London Plan.

Current HS2 plans are unlikely to facilitate the widespread regeneration of the Old Oak Common area and surrounding areas. Compared to existing HS2 proposals, stakeholders have prepared detailed evidence to indicate that economic and regeneration benefits could be doubled through a more comprehensive approach to planning. Despite having cost implications and requiring addressing physical and infrastructure constraints, there is evidence to suggest that the additional benefits can be achieved through:

- Enhanced local and regional connectivity, most notably integration of HS2 and Crossrail services with London Overground services and potentially a connection to the West Coast Main Line (WCML).
- Significantly improved highways access to and from the station to alleviate constraints on the existing network and to improve accessibility to major regeneration opportunities elsewhere in the locality and the sub-region. This includes, potentially, a road bridge over the Grand Union Canal providing eastern access to the HS2 interchange station and development area.
- The (long-term) relocation of the Crossrail and Inter City Express (IEP) depots to open up significant land for regeneration.
- Providing an alternative relocation site for the Heathrow Express depot in order to free up substantial regeneration and economic growth opportunities at the North Pole East depot site.

The Old Oak Opportunity Area Planning Framework Group also highlight the potential benefit of opening the Crossrail station at Old Oak Common ahead of HS2 which, they consider, would help to kick start regeneration activity in the area.

The stakeholders are also undertaking further detailed research to assess the robustness of their joint vision for Old Oak. This includes infrastructure requirements and funding options and detailed development viability assessments.

Through the partnership approach established by the Opportunity Area Planning Framework, stakeholders are progressing quickly to the establishment of a Mayoral Development Corporation (MDC) to act as the delivery vehicle for Old Oak Common. The MDC would be responsible for preparing a Local Plan for the area and could have key delivery powers.

Context

The HS2 Phase 1 Consultation document describes the intention to construct a new HS2 station at Old Oak Common in west London south of Willesden Junction. Located within the London Borough of Hammersmith and Fulham (LBHF), the site is situated immediately south of the boundary with the London Borough of Brent (LBB) and east of the boundary with the London Borough of Ealing (LBE). The site is also close to LBHF's boundary with the Royal Borough of Kensington and Chelsea which is situated east of Wormwood Scrubs. Old Oak Common also forms the eastern end of Park Royal industrial area which straddles the administrative boundary between LBHG and LBB.

Current proposals indicate that the station would be provided on land consisting of the First Great Western and Heathrow Express Depots and would traverse the Great Western Mainline (GWML). Crossrail is in the process of constructing its own depot elements of which are intended to form permanent stabling and maintenance facilities. HS2 Ltd's proposals include a sub-surface box similar to that provided at Stratford for HS1. The box will form the launch point for tunnelling of three running tunnels – three east towards Camden and two west. At this stage, proposals include 6 platforms of 3 double-faced islands at the box floor, with two banks of escalators serving each platform.

The current design allows for an interchange between HS2 and GWML/Crossrail stations in the form of an intermediate deck spanning the two stations (some 6 metres below ground level and 9 metres above the HS2 tracks).

The proposed location of the Old Oak Common HS2 station is shown in Figure 13 below.

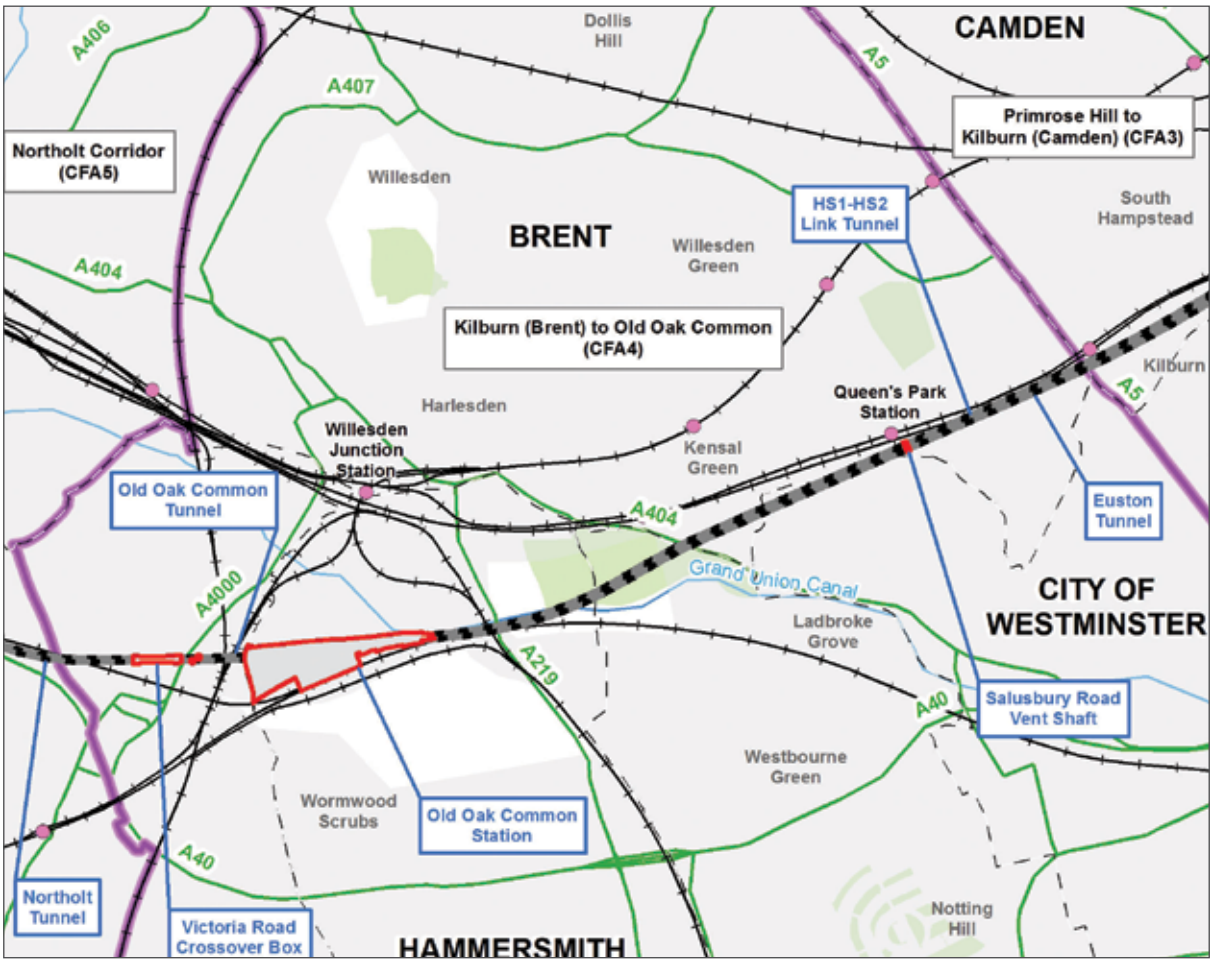

Figure 13. Proposed location of Old Oak Common HS2 station

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Estimates of economic growth potential

Table 6 summarises existing estimates of the economic growth and regeneration potential associated with a new HS2 station and strategic transport interchange at Old Oak Common. Comprehensive and detailed evidence has been provided by local stakeholders to indicate that the growth potential around the station could be substantial and of significance not solely to the host borough (LBHF) but also the London Boroughs of Brent, Ealing and to a lesser extent Kensington and Chelsea. However, the scale of economic growth and regeneration potential will be determined by the extent to which significant constraints can be overcome and final plans for station design, transport interchange functions, connectivity and local accessibility.

SOURCE	HS2-RELATED GROWTH	SOURCE/NOTES
HS2 London to the West Midlands : Appraisal of Sustainability (Appendix 3 – Socio-Economic Report) for Phase 1 (HS2 Ltd, Feb 2011)	▪ 20,000 jobs	HS2 Ltd estimates of jobs created around stations ('supported').
Old Oak Common, Gross Value Added, SKM Colin Buchanan for RBKC, LBHF, LB Ealing, LB Brent, TfL & GLA, February 2013.	▪ Jobs: 75,140 - 107,070 ▪ Commercial floorspace: 2.0 – 2.9 million sq.m. ▪ 11,164 – 16,647 residential units. ▪ Gross GVA NPV (30 year programme): £33 billion - £47 billion	Range of estimates reflect four scenarios including: ▪ Delivery of Crossrail & HS2. ▪ Delivery of Crossrail, HS2 & London Lines. Assumes new Overground HS2 station.
HS2 Regional Economic Impacts, KPMG for HS2 Ltd., September 2013	▪ £2.5 - £2.8 billion GDP impact per year (Greater London).	Estimated change in economic output by city region in 2037 after investment in HS2 Phases 1 and 2 - 2013 prices - includes impact of Euston and impacts of HS2 released capacity on conventional rail services.

Table 6. Estimates of economic growth potential (Old Oak Common)

Assessment of HS2 readiness

Economic and socio-economic structural challenges
Extensive and comprehensive evidence is available which indicates that local and strategic stakeholders have a detailed understanding of the economic and socio-economic structural challenges facing the sub-region as well as its constituent neighbourhoods and communities. In particular, this evidence has been provided via Greater London Authority (GLA) sources as well as place-specific analysis and relevant research studies conducted by the boroughs.

The sub-region faces a range of challenges including concentrations of deprivation, low skill employment and low wages (relative to Greater London). However, more importantly, the boroughs in partnership with the GLA and TfL share a common vision of the key opportunities and ambitions which could be realised through a comprehensive master planning approach to delivering extensive regeneration in the wider area surrounding Old Oak Common. This vision is clearly expressed in the Opportunity Area Planning Framework (OAPF) document, 'Old Oak: A Vision for the Future, June 2013[27].' Produced jointly by the London Boroughs of Hammersmith & Fulham, Brent and Ealing, the Mayor of London and TfL, the vision has its origins in past strategy work focussed on the area's designation as Park Royal Opportunity Area in the London Plan.

Physical infrastructure challenges and opportunities
At present, local stakeholders consider that the HS2 proposals are positive from an economic growth and regeneration perspective. However, there is strong agreement amongst stakeholders that existing plans may not maximise long term regeneration potential. In order for HS2 Ltd proposals to be aligned with the Vision for Old Oak, significant constraints will need to be addressed over and above the solutions put forward to accommodate HS2 Ltd's existing proposals for the station.

Firstly, the OAPF consider that the existing HS2 Ltd proposals for highway improvements are inadequate when considered from a comprehensive regeneration perspective. The Group (including the Mayor of London and TfL) are of the view that HS2 Ltd's highway improvement proposals would quickly result in free capacity in the surrounding road network being used up and would therefore preclude any significant development/ regeneration being brought forward in the area. For example, having a single point of access onto Old Oak Common Lane would add unacceptable pressure to the A40 junctions which are already operating close to capacity. The Group highlight that further roads and access points are required to help distribute the HS2 traffic associated with Old Oak Common across the highway network. The Group consider that it is imperative that an alternative access should be provided into the station from the east. Their preferred solution is the provision of a road bridge over the Grand Union Canal. In addition to relieving pressure on the surrounding network, the Group state that this bridge would provide a direction connection to 35ha of land to the north of the canal which could improve the viability of development in this area. Whilst the HS2 Ltd station design proposals do not preclude the possibility of constructing a crossing of the Grand Union Canal, the OAPF are of the view that the connection should form part of the core station design proposals with the cost being included in HS2 Ltd's budget.

Secondly, a significant quantum of long-term regeneration and economic growth potential will be dependent on the relocation of the planned Crossrail and Intercity Express Programme (IEP) depots, although it is acknowledged that this is unlikely to be feasible before 2026. In addition, construction of the HS2 station will require relocation of the Heathrow Express and First Great Western depots. Current plans are for the former to be relocated to the eastern end of the North Pole depot site which covers approximately 6ha of land. The OAPF Group consider that this relocation would eliminate substantial regeneration opportunities which could be achieved through the redevelopment of the North Pole site (approximately 1,500 homes). Consequently, the OAPF is currently working closely with Network Rail and DfT to explore the feasibility of identifying an alternative site along the Heathrow Express corridor.

Thirdly, in order to facilitate regeneration, the OAPF strongly agree that the proposals for local accessibility should be significantly improved from both pedestrian and vehicular perspectives. They consider that infrastructure investment is required to connect open spaces and civic spaces, particularly the 'green cross' connecting North Acton in the west, the Grand Union Canal and onto Kensal in the east, connecting to Willesden Junction in the north and through the Old Oak Common station to Wormwood Scrubs in the south.

27 Old Oak – A Vision for the Future, June 2013 Consultation draft: LB Brent, LB Ealing, LB Hammersmith & Fulham, Mayor of London and Transport for London.

Fourthly, relocation of the existing large waste sites (EMR and Powerday) along with other low density established activities (e.g. Car Giant) should be considered.

Fifthly, design plans should be sufficiently flexible to allow for development over the station.

Finally, a 'state-of-the-art' intermodal exchange should be planned for in addition to the HS2 station to facilitate the movement of people from buses, taxis and cars into and from the station.

Given the significance and potential cost of overcoming the major constraints to comprehensive regeneration and investing in necessary additional infrastructure, the OAPF is undertaking further detailed assessment of all notable infrastructure requirements, costs and funding options associated with implementation of the OAPF Vision. In parallel, the Group is also undertaking detailed viability assessments to test the robustness of the regeneration and development assumptions which underpin the Vision for Old Oak.

Connectivity

At present, the HS2 Ltd proposals would provide an interchange between HS2, Crossrail, Heathrow Express and GWML services. The OAPF has compiled evidence which suggests that the economic growth and regeneration benefits associated with improved connectivity could be substantially improved if the London Overground network could be integrated with the Crossrail and HS2 proposals. The Group estimate that connecting with an Overground station would:

- Open up access to an additional 300,000 people living in south west London within 45 minutes of the opportunities being created at Old Oak Common. This would be achieved through: the North London line which connects Richmond through Willesden Junction to Stratford; and the West London Line which connects Clapham Junction to Willesden Junction and Stratford.
- Provide an additional 6,500 homes and 22,000 jobs.
- Generate over £7billion in additional gross GVA compared to the current HS2 Hybrid Bill proposals.

This is supported by detailed research conducted by SKM Colin Buchanan[28].

In addition, the OAPF Group indicates that additional economic benefits can be captured if a new spur of Crossrail 1 linking the West Coast Mainline, proposed by TfL and Network Rail, is implemented. They consider that this would facilitate the stimulation of additional regeneration benefits close to stations at Wembley, Harrow and Watford.

28 Old Oak Common: Gross Value Added – SKM Colin Buchanan, December 2012.

HS2 in strategic and local plans

The economic growth and regeneration potential associated with the development of a new HS2 interchange station is already deeply embedded in sub-regional and strategic plans and policies. As highlighted above, the Old Oak Vision document, which has already been subject to comprehensive public consultation, provides a detailed economic, spatial and land-use framework to deliver significant regeneration in west London on the back of the planned HS2 station and related proposals. Of particular importance is the established consensus achieved by the boroughs, the Mayor of London and TfL regarding vision for HS2 at Old Oak Common. This consensus is apparent at both Officer and Member levels and has been endorsed by the Mayor of London.

The key objectives of the Vision are to:

- Regenerate 155ha of derelict and underused land and contribute significantly to the economic development of London by potentially delivering up to 19,000 homes and 90,000 jobs.
- Investigate the potential for a network of new open spaces and green links creating a 'green cross' connecting Old Oak Common Station to North Acton, Willesden Junction, Wormwood Scrubs and the Grand Union Canal.
- Support the major redevelopment of the area surrounding the proposed interchange, by designing the HS2 station to maximise local and regional accessibility and connectivity (including provision of a connected Overground station).
- Develop the Strategic Industrial Land offer at Park Royal and investigate the potential to relocate businesses from Old Oak to free up land adjacent to the international train station.

The Old Oak Common Project Team intend for the Vision document to be further developed and refined and issued as the Opportunity Area Planning Framework. This eventually is planned to be adopted as the Local Plan for the Old Oak Common area. Whilst the operational area of the Local Plan has yet to be agreed, the accountable body would be the planned Mayoral Development Corporation for Old Oak Common (see below).

In terms of metropolitan policies and plans, the GLA has already published a review of the London Plan which endorses and reflects the shared Vision for Old Oak Common. This is reflected in draft Alterations to the London Plan issued in January 2014[29].

LBHF is currently preparing revisions to the Hammersmith and Fulham Local Plan with the intention to publically consult on this plan in Spring 2014. The Local Plan will include a policy for the Old Oak regeneration area and will update target numbers for new homes and jobs in line with the revised targets in the London Plan. It will also include proposals for the regeneration of Old Oak Common that fully integrate with the HS2 and Crossrail interchange. This will include strategic site policies for Old Oak Common Station, Old Oak South and Old Oak North.

29 Mayor's London Plan Review: Draft Further Alterations to the London Plan - GLA, January 2014.

Institutional and governance arrangements

Figure 14 summarises the existing governance arrangements covering the Old Oak Common and the wider west London sub-region.

The OAPF Project Team was established over one year ago and produced the Vision document for consultation in June 2013. The Royal Borough of Kensington and Chelsea were originally part of the OAPF Group although the Borough has since withdrawn. The Project Team reports to a Project Management Board comprising senior officers which is accountable to the Strategy Board (political group).

In parallel, a joint authority group representing the four boroughs, Network Rail, DfT, HS2 Ltd, Crossrail and Heathrow Airport has been formed and meets every three weeks.

There is significant evidence that existing partnership arrangements between local and strategic with integrated planning, economic development and transport functions provide a mature and strong platform to govern the implementation of regeneration and growth plans associated with an HS2 station at Old Oak Common. This is reflected by the existing OAPF Strategy Broad and well advanced plans for its replacement by a Mayoral Development Corporation (MDC) which is outlined below.

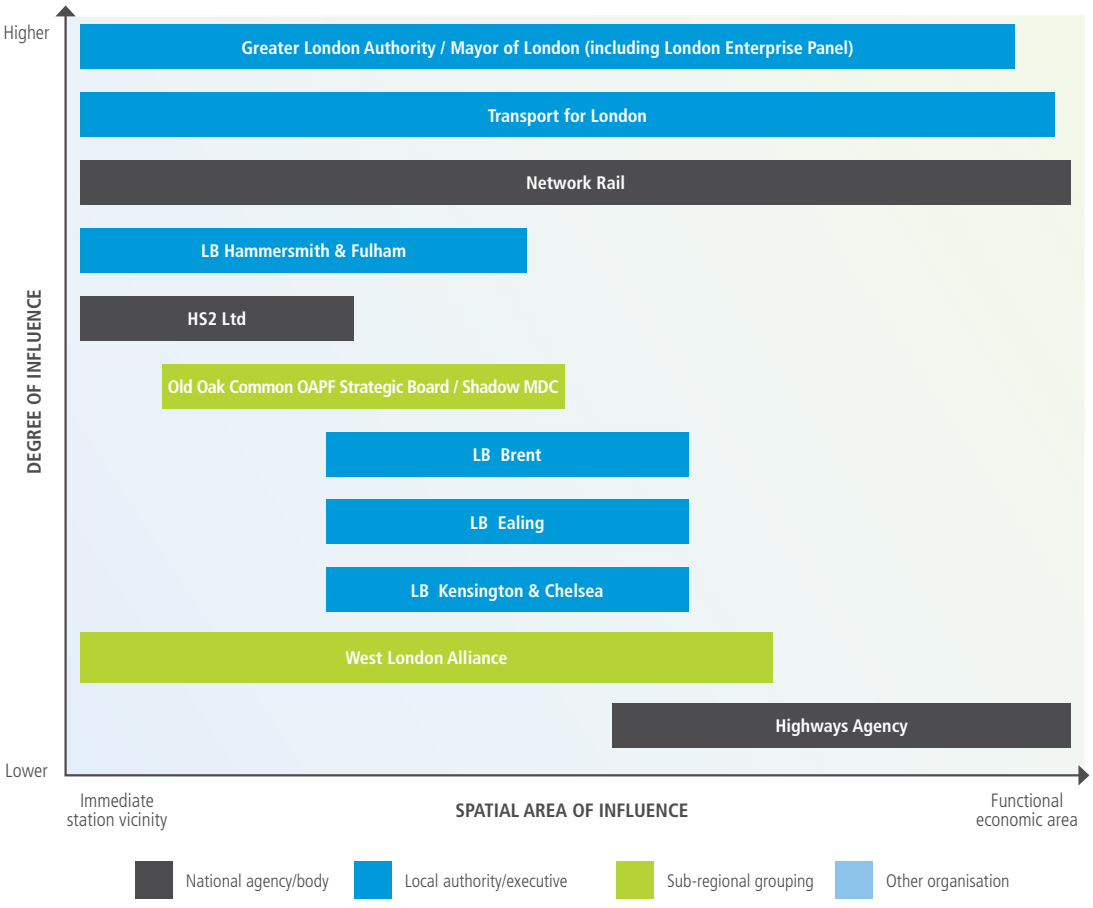


Figure 14. Institutional and governance arrangements (Old Oak Common)

ATKINS

Planning and delivery mechanisms

As already highlighted, well advanced plans are in place to establish an MDC as the accountable body to deliver the economic growth and regeneration plans associated with an HS2 station at Old Oak Common (see panel).

Given that the funding and timely delivery of infrastructure at Old Oak Common will be key to the future success of the area, the OAPF is commissioning detailed research into the costs and funding options of all essential and non-essential infrastructure associated with implementation of the Old Oak Vision.

Under current proposals, the Old Oak Common station would be built as two separate construction projects:

1) Construction of the HS2 station; and
2) Construction of the Crossrail and Great Western Main Line station.

It is envisaged that both elements of the station would open at the same time, which currently is programmed to be in 2026. The OAPF Group consider that the early delivery of Crossrail would significantly help to kick start regeneration in the Old Oak Common area.

CASE STUDY:

EFFECTIVE DELIVERY MECHANISMS – OLD OAK MAYORAL DEVELOPMENT CORPORATION

Old Oak Common benefits from an established and effective partnership arrangement which is founded on the Opportunity Area Planning Framework for Park Royal / Old Oak. The OAPF Group consists of the three London boroughs most affected by the HS2 station proposals in west London alongside the Greater London Authority and Transport for London. The Group is accountable to a Strategy Board. Collectively, consensus has been achieved and a comprehensive vision for the area has been produced. Utilising the statutory powers delegated to the Mayor of London, the OAPF is in the process of being transformed into a Mayoral Development Corporation (MDC). A 'shadow' MDC with core officers is being put in place this year with a view to commencing official operations in April 2015. The MDC could be responsible for land-use planning (preparation of a Local Plan), land assembly and Compulsory Purchase Order (CPO) capabilities, formulation of policy, Community Infrastructure Levy (CIL) setting and other financing powers (including business rate retention). Potentially, the MDC could attract Enterprise Zone status to Old Oak Common.

HS2 READINESS:
Manchester Airport

G

SUMMARY OF KEY FINDINGS

A strong case has already been made by local stakeholders for the inclusion of an HS2 station at Manchester airport. This case was predicated on the additional economic growth that HS2 would deliver in the Greater Manchester city region.

Clear linkages have been made between the need to maximise the potential for existing development in the Airport Enterprise Zone (EZ) and provide additional suitable development sites to maximise HS2 driven economic growth. Work has already been undertaken or is underway to align local and strategic plans to enable HS2 driven growth to be unlocked and to develop funded and deliverable transport connectivity, noting that the plans for maximising the wider economic potential of the EZ and the airport are already well developed. Continued progress in the evolution of the development plans and the transport connectivity measures is essential, including effective collaboration with national bodies such as the Highways Agency and Network Rail.

A key enabler that the Taskforce should consider in reaching its recommendations is how it supports establishing an appropriate funding model that provides net growth and land value capture to enable the planning authority to make an appropriate level of contribution to the costs of the station.

Greater Manchester has a number of wider economic and socio-economic challenges that could, in principle, limit HS2-related economic growth and regeneration. However, addressing these challenges is a key priority for GMCA and the GMLEP and needs to be done irrespective of HS2.

Through the Greater Manchester Combined Authority family there are well established and clear city region institutional and governance arrangements, supported by mechanisms in place for the EZ that would enable HS2-related regeneration and economic growth to be delivered.

Context

The HS2 Phase 2 Consultation document describes an HS2 station to serve Manchester Airport and the wider area, located 1.7 kilometres from the airport terminal building and 15 kilometres south of Manchester city centre. The proposed location of the station is shown in Figure 15 below.

The consultation document identifies the following key attributes:

- Excellent transport connectivity of station serving Manchester Airport and the wider area of south Manchester and north Cheshire.
- Potential for significant development around an HS2 station to integrate with nearby employment opportunities in the Manchester Airport Enterprise Zone (EZ), including Airport City, the MediPark, and University Hospital South Manchester (UHSM), and also with other nearby proposed developments such as Davenport Green.

The proposed station would be west of and parallel to the M56, between Junctions 5 and 6, and would have a new road access to the M56 at a reconfigured Junction 6. This which would enable a link to the M60 Manchester orbital motorway and the M6. A number of options exist to link the station to the airport terminals and adjacent transport interchange. These include existing proposals for extending the Manchester Metrolink network to serve the station directly and provide a service into both the airport and wider area.

In the context of this study – assessing local readiness to maximise the economic potential of HS2 – the position on Manchester airport HS2 station is different to the other locations. An HS2 station at Manchester airport was originally excluded from the Phase 2 proposals being developed by HS2 Ltd and the case for the station's inclusion was subsequently made by the Greater Manchester Combined Authority (GMCA)[30]. As a result an airport station was subsequently included in the Phase 2 proposals currently out for consultation.

The central theme of the case made is that an airport station would increase the economic benefits for the city region and for HS2. On this basis there is, therefore, strong evidence to show that local stakeholders are seeking to maximise the growth benefits of HS2 investment (see case study the panel below).

Figure 15. Manchester Airport station location

Estimates of economic growth potential

Table 7 summarises evidence drawn from a number of available sources on the economic growth potential associated with the Manchester Airport HS2 station.

As shown in the table the estimates of growth potential show a range of employment and GVA impacts. Significant additional work has been undertaken to assess development potential at Manchester airport by MCC/ TfGM based on a wider view of available sites, including those that are currently defined as green belt (see case study panel).

CASE STUDY: IDENTIFYING GROWTH AND REGENERATION BENEFITS AND 'REAL ECONOMY' APPRAISAL

The case for Manchester Airport HS2 station illustrates the challenge of looking at HS2 as a conventional transport scheme instead of an economic development project in terms of investment appraisal. Conventional appraisal typically looks at fixed land use and economic development and does not therefore take account of the impact of the investment in delivering or enabling new development, different types of (higher value) land use or economic activity. As a consequence the conventional approach can significantly underestimate the real economy benefits of investment. The 'real economy' approach requires looking at how new development sites may come into play – for example the additional available sites around the proposed HS2 station and how existing or planned development sites will perform differently given the substantially different level of connectivity offered by HS2 and other local connectivity improvements.

SOURCE	HS2-RELATED GROWTH	SOURCE/NOTES
HS2 Ltd HS2 Phase 2 Consultation, July 2013 (p17) - Appendix C: Appraisal of Sustainability: HS2 Phase Two	▪ Office floorspace: 5,000 – 10,000m^2 ▪ 300–700 jobs	Report notes that whilst the wider socio-economic benefits arising from the Manchester Airport station will be far-reaching, the development and regeneration effects in the immediate vicinity of the station will be limited.
HS2 Regional Economic Impacts, KPMG for HS2 Ltd., September 2013	▪ N/A	The HS2 Regional Economic Impacts study did not include Manchester Airport HS2 station – estimates for Greater Manchester are based only on Manchester Piccadilly.
Manchester City Council (MCC)/Transport for Greater Manchester (TfGM)	▪ Additional ~9,000 jobs across Greater Manchester – equivalent to ~£0.5 bn GVA per annum	Economic modelling undertaken by MCC/ TfGM - Additional jobs growth between 2033 and 2041 attributable to HS2 Phase 2 over and above the benefits delivered by HS2 to central Manchester.

Table 7. Estimates of economic growth potential (Manchester Airport)

30 The Case for a High Speed Rail Station at Manchester Airport, Letter from Greater Manchester Combined Authority to Rt Hon. Justine Greening MP, 11th July 2012

Assessment of HS2 readiness

Economic and socio-economic structural challenges

Although Manchester airport is on the southern edge of the Greater Manchester area the key economic and socio-economic challenges to maximising HS2 growth and regeneration benefits are similar to those described in Appendix H for Manchester Piccadilly. As noted, this is well evidenced and there are clear strategies in place and to address.

More specific to Manchester airport HS2, however, is that the airport and Manchester Enterprise Zone are adjacent to Wythenshawe, which has neighbourhoods amongst the top 1% most deprived in England and Wales and significant issues of skills and worklessness. Potentially this could act as a constraint to maximising HS2 benefits, though (as described below) there are specific initiatives that have been developed to address these issues within the wider framework of city region growth and reform priorities. In addition, the connectivity proposals (below) would also serve to improve accessibility to employment, noting also that development around the airport will create new employment opportunities.

The airport station would also serve a hinterland in Cheshire East and the wider functional economic area defined by the Cheshire and Warrington Local Enterprise Partnership (C&WLEP). The C&WLEP area generally has higher than average skills, low levels of unemployment and high levels of workforce participation though does have challenges of an aging population and availability of affordable housing. In general, though, there are other issues – development and connectivity – that could constrain HS2-driven growth in relation to the C&WLEP area.

Physical infrastructure challenges and opportunities

There is already a high level understanding of the physical capacity for new development within the station hinterland through the work underpinning the EZ[31]. The EZ comprises sites around the airport (Airport City, World Logistics Hub) and around Wythenshawe (including the Medipark healthcare/bioscience hub at UHSM) which are key to driving economic growth.

Potential constraints relate to the availability of additional land to support additional HS2-driven growth and development. The site around the airport station falls within the Trafford Metropolitan Borough Council planning authority and is identified in the Local Plan as green belt. However, the plan provides for land to be developed providing that development is high quality and supports the wider strategy for Airport city by delivering net economic growth. On this basis HS2 provides a catalyst to unlock additional development land that could support economic growth.

Connectivity

Significant initial work has already also been undertaken by Manchester Airport and Transport for Greater Manchester on considering connectivity of the HS2 station. There are a number of key connectivity issues:

- **Connecting the station to the strategic road network**

  The HS2 station is expected to act as a parkway station supported by its connectivity to the Strategic Road Network (SRN). Plans have been developed to enable connectivity of the station to the M56 though Manchester Airport is developing potentially better options for a more direct link with the M56, and is also examining how links to the A6 SEMMMS scheme and a direct route to Medipark/ UHSM can be provided. Wider SRN issues could, though, potentially act as a constraint on growth due to existing and projected congestion on the motorway network around South Manchester. Further examination of the expected performance of M56 Junction 5 and the case for implementation of a Smart Motorway scheme on the M56 is also considered necessary.

- **Connecting the HS2 station to the airport terminal**

  While various options are possible and some work has been undertaken it is not clear at this stage on the plans to connect the station to the airport terminal. Options comprise a people mover system, shuttle buses or the Wythenshawe western loop of the Metrolink. The current Metrolink scheme that will connect Metrolink from the city centre via Wythenshawe to the airport is due for completion in 2016. Powers already exist to complete the Western section of this scheme – which was dropped on affordability grounds - which would connect the station with the terminal, as well as connect to Wythenshawe.

31 Airport City Enterprise Zone Framework, Manchester City Council, October 2012

- **Connecting the airport to the Airport Enterprise Zone**

  In addition to the options that the Wythenshawe western loop of the Metrolink could provide, work is ongoing to consider how best to connect the station and the various sites that form part of the Airport EZ.

- **Connecting to Cheshire East**

  There are challenges to provide additional connectivity by road or public transport to Cheshire east and the wider C&WLEP. This is linked to a wider concern from C&WLEP stakeholders (see panel below).

In summary, work has already taken place or is in train to address connectivity issues, though clearly there is also significant work to be completed to being forward fully developed and ultimately fundable and deliverable schemes. One key issue is further developing an understanding of the users of the airport station and likely levels of future demand, as this will better frame the schemes that need to be developed. The framework in which to develop the schemes exists through mechanisms such as the Airport EZ and the wider Greater Manchester Transport Fund (GMTF).

HS2 in strategic and local plans

As with Manchester Piccadilly there is limited evidence of HS2 being recognised explicitly in existing adopted strategic and local plans noting that these plans were generally prepared prior to the announcement of HS2 Ltd's proposals. However, there is clear evidence that a range of plans and strategies are being developed and are in a process of amendment that will better consider HS2 (e.g. Manchester Airport advise that they are in the process of updating their airport master plan).

MCC has an up to date Core Strategy adopted in 2012 which sets out a key spatial framework for growth within MCC area up to 2027 including the continued growth of the airport, making allowance for expansion of the development area and for connectivity improvements. Trafford Core Strategy up to 2026 was also adopted in 2012. The Airport City Enterprise Zone Framework, while not a statutory document, provides further detail on the Airport development proposals. Long term support for HS2 and maximising growth opportunities from the station is set out in the city-wide strategic plan and the draft GMLEP SEP.

CASE STUDY: CONSTRAINTS ON ECONOMIC GROWTH DUE TO CONNECTIVITY TO MANCHESTER AIRPORT HS2 STATION FROM CHESHIRE EAST

Connectivity to the airport station is a potential constraint to economic growth in the C&WLEP area because of the availability of suitable existing links that could be improved and by the green belt area that surrounds the airport area in Cheshire East.

C&WLEP stakeholders support an HS2 station at Manchester Airport but consider that the solution is not to improve connectivity from Cheshire East to the airport HS2 station to maximise regeneration and economic growth but to include an HS2 station at Crewe (and also to maximise sub-regional connectivity by conventional rail to Crewe). Consideration of a station at Crewe was outside the remit of this research study – as it has not been identified in the HS2 Phase 2 Consultation document as a proposed station. However, in the context of maximising the benefits from an HS2 station at Manchester airport it is a material consideration, for the following reasons:

- **C&WLEP stakeholders consider that growth in economic activity driven by HS2 at Manchester Airport could result in a reduction in growth at Crewe – noting that Crewe is identified in C&WLEP draft Strategic Economic Plan (SEP) as a 'High Growth City';**
- **Under a no-HS2 at Crewe scenario the level of jobs growth at Crewe is projected by Cheshire East to be 6000 by c2040. Under a "Crewe HS2 super-hub" scenario the total number of additional jobs is projected to be between 44,000 and 63,000 by c2040. This suggests that the scale of HS2-related growth that could be foregone in the C&WLEP area may not be offset by HS2-related growth at Manchester Airport station (though recognising the complexity of determining what is net additional growth). The reason for the significant growth is, in part, due to the additional strategic connectivity that HS2 could be expected to provide at Crewe and its hinterland, but is primarily driven by the regeneration opportunities that an HS2 hub at Crewe would enable through the opportunity to enable the extensive redevelopment of existing railway land.**

Institutional and governance arrangements

Figure 16 summarises the current institutional and governance arrangements covering the Manchester Airport HS2 station location.

As with Manchester Piccadilly there are well established governance arrangements at the Manchester city region level via the GMCA with clear responsibilities for and governance of economic development, planning and transport across the city region. The GMCA area also aligns with that of the GMLEP. Manchester airport is also part of the structure, noting that this is owned by MCC. Potential issues have been identified relate to:

- Aligning the Highways Agency and Network Rail in the governance structures – given that connectivity to the SRN is critical to maximising economic potential of the HS2 station. In addition, how released capacity is maximised as a result of HS2 is also key to maximising wider economic benefits for the airport and EZ.
- Engagement between C&WLEP and GMLEP - there are different views on the level of co-operative working between the LEPs.

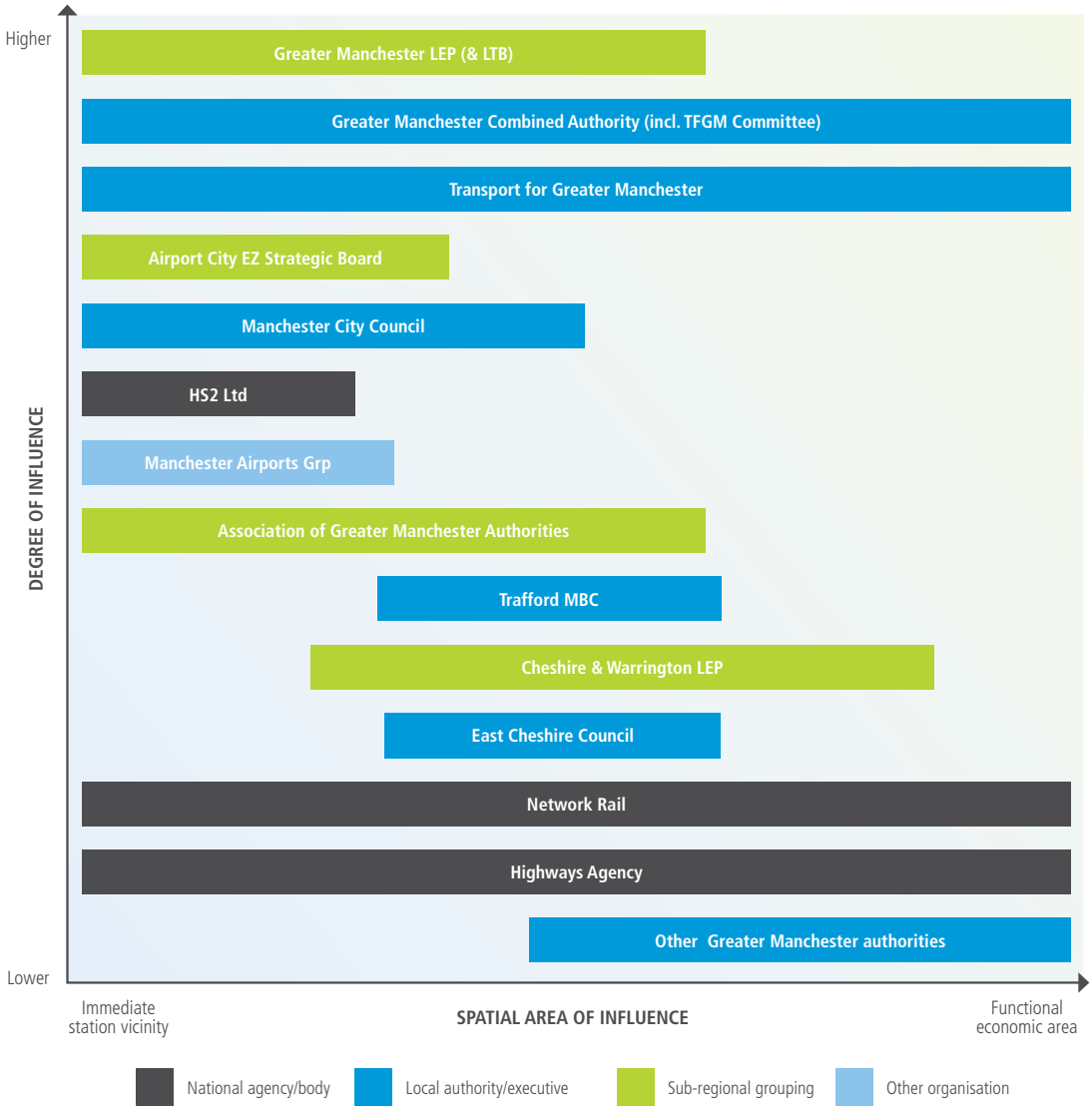


Figure 16. Institutional and governance arrangements (Manchester Airport)

ATKINS

Planning and delivery mechanisms

Because of the alignment of governance and institutional arrangements at a Greater Manchester level, the existence of the EZ and the role of Manchester Airport, alternative delivery models may not be needed. Stakeholders have confirmed that the necessary planning and delivery mechanisms are available within the current institutional and governance structures and that an urban development corporation or equivalent is not essential. There is no evidence to suggest that the existing planning and delivery mechanisms are limiting consideration of opportunities to maximise HS2 driven growth. Potentially some form of alternative model may be required to address the issue of funding (and the need for a funding model that captures net growth and land value and how this is governed) and co-ordinating investment that would be required from the Highways Agency and Network Rail.

The funding challenge is similar to that described for Manchester Piccadilly in Appendix E. As described above, GMCA has already put forward a case for establishing a mechanism that enables it to secure investment through borrowing provided the model can capture net growth and land value and thereby ensure no net additional cost to the taxpayer.


P

HS2 READINESS:
Manchester Piccadilly

H

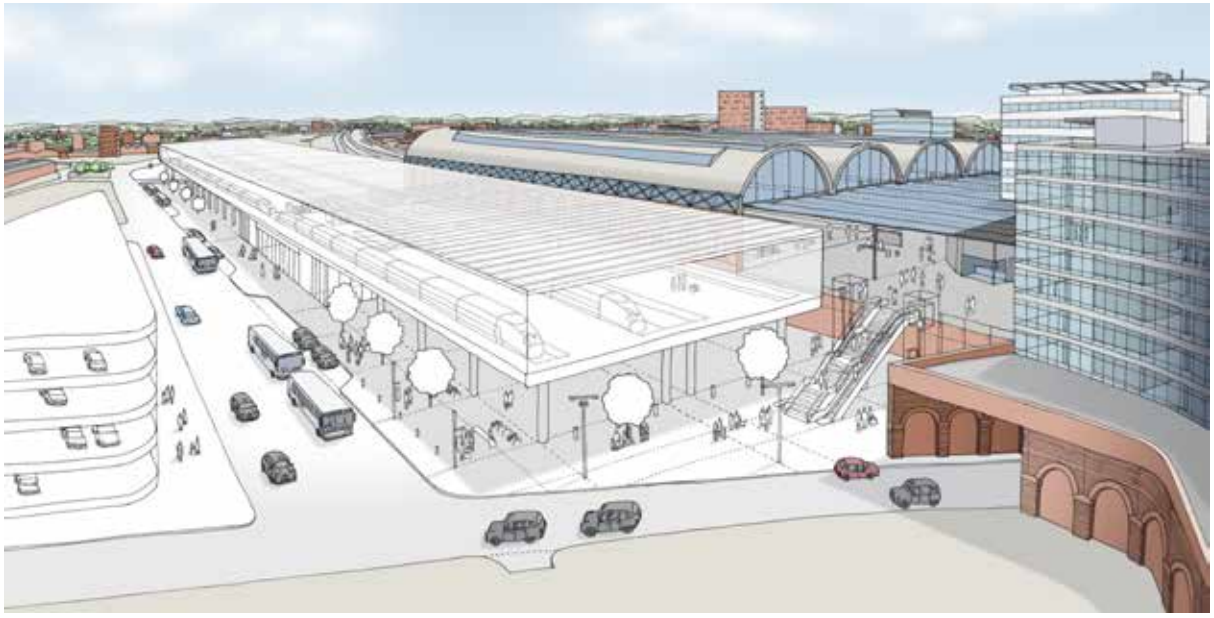
SUMMARY OF KEY FINDINGS

Significant work has been undertaken by the Greater Manchester Local Enterprise Partnership (GMLEP) and Greater Manchester Combined Authority (GMCA) covering regeneration and transport connectivity to consider how HS2 at Manchester Piccadilly can act as a catalyst to economic growth in Greater Manchester.

The proposed HS2 station at Manchester Piccadilly provides an opportunity to maximise economic growth by integrating the delivery of HS2 with the regeneration of the area surrounding Piccadilly station and with improved transport connectivity.

The integration comprises accelerating and aligning planning, design, delivery and funding of a range of regeneration and connectivity projects that are currently otherwise likely to be delivered over a 20 year programme. The integration could, through maximising design synergies, potentially deliver a better solution at lower cost and deliver enhanced outcomes. Potentially, failure to fully integrate could constrain the scale and speed of growth through blight and extended construction disruption.

There are a number of related challenges to enabling the integration opportunity which the Taskforce should consider in reaching its recommendations comprising: mechanisms for aligning and pooling funding across different infrastructure projects and in different funding cycles to maximise benefits; the potential for accelerating HS2 delivery in Manchester; increasing the design certainty of HS2 to enable better integration of planning and design across the related projects; and establishing net growth and land value capture funding models that enable the planning authority to invest without imposing a net long term cost on the taxpayer.



Context

The HS2 Phase 2 Consultation document describes the intention to construct a new Manchester city centre HS2 station alongside the existing Piccadilly station in Manchester. It is one of two stations proposed in Greater Manchester; the other station, at Manchester Airport is described in Appendix G.

The proposed location of the Manchester city centre HS2 station is shown in Figure 17 below.

The new station – as proposed in the consultation document - would sit immediately to the north of the existing station with HS2 platforms parallel with, and alongside, Manchester Piccadilly platform one. The platforms would be elevated with HS2 concourse facilities located at ground level.

Figure 17. Proposed Location of Manchester Piccadilly HS2 Station

Estimates of economic growth potential

A number of estimates of the economic growth potential of HS2 have been made. These are summarised in Table 8.

As shown in the table the estimates of growth potential show a range of potential employment and GVA impacts. The key difference between the HS2 Ltd estimate of employment and those of Manchester City Council (MCC) and Transport for Greater Manchester (TfGM) is due to different levels of attribution of additional employment to HS2. MCC/TfGM advise that work is ongoing to refine estimates of HS2-related jobs growth.

SOURCE	HS2-RELATED GROWTH	SOURCE/NOTES
HS2 Ltd HS2 Phase 2 Consultation, July 2013 (p30) - Appendix C: Appraisal of Sustainability: HS2 Phase Two	▪ Between 29,700 and 42,900 jobs	Proposed station at Piccadilly only - HS2 Ltd estimates of Jobs created around stations ("supported")
HS2 Regional Economic Impacts, KPMG for HS2 Ltd., September 2013	▪ £0.6 - £1.3 billion GDP impact per year	Estimated change in economic output by city region in 2037 after investment in HS2 - 2013 prices - includes impact impacts or HS2 released capacity on conventional rail services
Manchester City Council (MCC)/Transport for Greater Manchester (TfGM)	▪ Additional ~21,000 jobs across Greater Manchester	Economic modelling undertaken by MCC/TfGM - Additional jobs growth between 2033 and 2041 attributable to HS2 Phase 2

Table 8. Estimates of economic growth potential (Manchester Piccadilly)

Assessment of HS2 readiness

Economic and socio-economic structural challenges
The key challenges to maximising HS2 growth and regeneration benefits are:

- Low skills base in Greater Manchester – although there has been a significant improvement in skill levels over the last 10 years, skill levels are still low compared to elsewhere in the UK, and particularly compared to London. The GMLEP's "New Economy" research unit identifies that Greater Manchester has more people with 'low' or 'no' skills than elsewhere in the UK, and despite an increase in level 4 skills Greater Manchester still has fewer residents with this qualification level than the whole of the UK[32]. Greater Manchester has identified nine priority employment growth sectors with these requiring higher skill levels than currently available in the workforce, with particular challenges to support growth in the financial and professional services, health and social care, construction, retail and hospitality sectors.
- Higher than average (at either England or other Core Cities level) unemployment including challenges of tackling worklessness.
- Projected imbalance between potential employment and available housing - employment projections outstrip current projections for housing in terms of build rates and available sites.

There is a strong evidence base supporting this understanding of the challenges. The Integrated Greater Manchester Assessment (IGMA 2013) brings together the evidence base around different themes including planning, housing and health. The Greater Manchester Strategic Housing Market Assessment was completed in late 2008 with an update provided in 2010. IGMA also has evidence relating to employment land at a city-wide level.

This evidence base has informed the development of the Greater Manchester Growth Plan[33] and the Greater Manchester Strategy[34] which aligns the economic development strategies of Greater Manchester's local authorities. The strategy contains clear strategic priorities that seek to address and the challenges identified above built upon two key themes: growth and reform. These priorities and the actions required to deliver growth and reform are defined and developed further in the emerging Strategic Economic Plan (SEP) that the GMLEP will be submitting to Government by March 2014.

In addition, work has begun on a review of the current spatial strategy (in place to 2027) and a new Spatial Investment Plan aimed, amongst other things, to address housing constraints. Consultation on this plan is expected in early summer 2014 with the plan in place by early 2015.

In summary, there are clear economic and socio-economic challenges in Greater Manchester which could constrain the scale and speed at which HS2-driven growth could occur – particularly given that HS2-driven economic growth is expected to be focused on knowledge-based sectors.

There is strong evidence to show that Greater Manchester is progressing with joined up, locally driven initiatives to address economic and socio-economic challenges that could otherwise constrain maximising HS2 growth and regeneration benefits; though funding of initiatives from various sources (e.g. the Local Growth Fund) remains to be finalised.

However, tackling the issues of skills, workforce and housing are fundamental to Greater Manchester's ambitions for growth, and are not directly related to or driven by HS2. The GMCA has indicated that, irrespective or HS2, Greater Manchester has to tackle these issues. There is a clear understanding of the scale and nature of the challenges and clear strategies in place and actions in train to address. The question is less about whether these challenges could impact upon maximising the economic growth potential of HS2 investment; more it is how HS2 can support tackling these challenges in Greater Manchester quickly and most effectively.

32 Greater Manchester Skills Analysis 2013/14, New Economy, December 2013
33 Greater Manchester Growth Plan , Greater Manchester Economic Advisory Panel, 2011
34 Stronger Together. Greater Manchester Strategy, 2013

Physical infrastructure challenges and opportunities

There is a high level understanding of the physical capacity for new development around the Piccadilly station area through work undertaken on behalf of Manchester City Council (MCC) and Transport for Greater Manchester (TfGM) to develop the Manchester Piccadilly Strategic Regeneration Framework (SRF)[35]. The SRF includes the Mayfield area adjacent to Piccadilly station and forms part of a vision to extend the city centre area. A consultation on the SRF was undertaken by the City Council in October/November 2013.

There is clear evidence that the physical infrastructure challenges and opportunities have been considered, and that the consultation process has enabled a wide range of stakeholders, including those with major land-holdings in the area, to be engaged. While the evidence indicates that there are challenges of land assembly and integrating planning, these are no more than could be expected of city centre sites of this nature. The main challenge surrounds how to maximise the opportunity to integrate the HS2 station with other transport connectivity improvements and with the regeneration and place creation ambitions for the Piccadilly area. This challenge cuts across a number of the HS2 readiness criteria that we have defined – and is presented as a case study in the box below to illustrate both generic and Manchester-specific issues to maximising the growth and regeneration benefits of HS2.

35 HS2 Manchester Piccadilly, Strategic Regeneration Framework (Draft), Bennetts Associates, August 2013

CASE STUDY:
INTEGRATING HS2 WITH CITY CENTRE REGENERATION AND GROWTH

The proposed HS2 station at Manchester Piccadilly provides an opportunity to integrate the delivery of HS2 with the regeneration of the area surrounding Piccadilly station and with the provision of improved transport connectivity.

The HS2 Manchester Piccadilly, Strategic Regeneration Framework indicates that ~30,000 additional jobs could be provided in the area by the early 2040s compared to today. The ability to deliver the right environment to support this scale of growth – and to support inward investment in knowledge-based employment - is contingent on the quality of the development, urban realm and improved connectivity, particularly local and city-region public transport connectivity. There are a number of transport connectivity investments that will support this.

The most significant of these is the Manchester component of the Northern Hub rail scheme to be delivered by Network Rail. This has committed funding for delivery in Control Period 5 (CP5) by 2019/20. It will provide significant additional rail capacity at Piccadilly station through a range of schemes including additional platforms at Piccadilly and the Ordsall Chord which will link Piccadilly and Manchester Victoria stations. This enables capacity to be increased at Piccadilly and Victoria stations as well as providing for new train service patterns that significantly improve connectivity.

Other city centre connectivity improvements have been or are being delivered by TfGM through the Greater Manchester Transport Fund (GMTF) – for example Metrolink extensions to Ashton-under-Lyme, to east Didsbury and to Oldham/ Rochdale. Future schemes (with likely delivery post 2020/21) are also identified under Greater Manchester Future Transport Priorities.

TfGM is also developing options for Manchester Piccadilly Gateway, increasing Metrolink capacity at the station. Additional capacity will be required to cater for projected passenger levels due to Northern Hub and the Piccadilly (and wider city-centre area) regeneration; and ultimately to cater for additional demand from HS2.

The Piccadilly regeneration and connectivity improvements need to happen anyway – irrespective of HS2 – as they are key elements of Greater Manchester's growth strategy. From Greater Manchester's perspective there are opportunities for HS2 to maximise growth, as follows:

Enabling an integrated multi-modal hub at Manchester Piccadilly – ensuring that the infrastructure for Northern Hub, Metrolink capacity increase and HS2 is planned, designed and delivered in a co-ordinated way, and that the opportunity is taken to also bring bus (currently concentrated at Piccadilly Gardens) and coach (currently at Chorlton Street) into the hub. By combining the investment funding from each of these individual components, a world-class, iconic interchange could be created – potentially at lower total cost – and substantially improving the attractiveness of central Manchester for economic activity.

Accelerating the investment in the station and the interchange – including the HS2 component planned for completion in 2033 – for delivery in the 2020s. This would deliver economic growth and regeneration benefits earlier and potentially save costs. It could also be expected to provide investor confidence and help stimulate early development and growth. Failure to co-ordinate and align investment, planning, design and deliver could have negative consequences and end up with sub-optimal design solutions for transport connectivity (e.g. how to provide for additional Metrolink capacity) and development; in particular it could result in blight, land banking and ~20 years of construction disruption in the Piccadilly area.

So, in principle, the potential growth and regeneration benefits of HS2 could actually be reduced should this co-ordination/ acceleration not occur. GMCA's view is that addressing the issue of integration is an urgent priority to deliver maximum economic development at the earliest possible opportunity and to avoid the negative effects of blight.

There are a number of challenges to unlocking this opportunity:

Future funding certainty and cycles
Delivering a high quality multi-modal hub would require pooling, or at least co-ordinating, funding from different sources (HS2, Network Rail, Local Growth Fund (LGF), developer funding, and local authority). It would also require aligning and getting commitment for longer-term funding in spending review periods post-2020/21. For example: what Network Rail would expect to spend on Manchester Piccadilly station enhancement in CP6 or CP7; and what GMCA could expect from LGF (or equivalent) post 2020/21.

HS2 Phase 2 timescales and HS2's objectives
If Northern Hub and Metrolink Piccadilly Gateway capacity increases are to be planned, designed and delivered in a way that maximises benefits when combined with future HS2 proposals then certainty on the HS2 designs and interfaces is needed. This certainty may not exist until after the HS2 Phase 2 Hybrid bill. HS2 Ltd's objectives – as defined by the Secretary of State – require HS2 to develop proposals and designs and ultimately deliver a railway within a defined planning and cost envelope; it is not clear what flexibility HS2 Ltd has to consider design and delivery solutions that extend beyond this envelope.

Funding models
For local authorities to be able to support investment given the scale of regeneration and the associated infrastructure required new funding mechanisms are needed whereby net growth and land value capture can be used to support borrowing and share risk without imposing a net long-term cost on the taxpayer. There are a number of potential ways this could be achieved but experience of such mechanisms in the UK context is limited and these mechanisms are considered unconventional.

Business and financial case
Making the case for coordinating and accelerating is not straightforward and requires different approaches to those used as standard for transport projects. GMCA has advised that it has developed a business case for co-ordinating investment and acceleration, using a "real economy" appraisal of an economic development project rather than conventional incremental transport infrastructure investment appraisal.

Undertaking the front-end planning and design early enough
Because of lack of future capital funding certainty local stakeholders may be constrained in being able to justify spend on front-end planning and design activities needed to advance an integrated scheme.

Connectivity

The key connectivity challenges are described in the case study above. TfGM has already undertaken significant amounts of work in developing transport options, notably with Network Rail on Northern Hub, and has a well developed forward strategy of transport improvements that will support improved city-wide connectivity to Manchester Piccadilly, with schemes prioritised for to 2020/21, and further potential schemes identified for 2021/22 to 2024/25.

HS2 in strategic and local plans

The current Core Strategy timescale for MCC is outside of the expected HS2 Phase 2 opening date and therefore there is no direct reference to the HS2 Station within it. The same applies for Core Strategies for neighbouring authorities which are at various stages of adoption/ preparation – though these are less relevant. Additionally, there is the Greater Manchester Investment Framework which has been created to draw together a range of funding and assets to support and maximise economic growth.

In addition to the city centre development, the Core Strategy promotes the regeneration of a number of locations within proximity to the proposed HS2 station, including the Eastlands (comprising major development sites of Eastlands and Central Park) and Piccadilly Gateway areas adjacent to the proposed station. The Eastlands and Central Park areas are identified as a key location for major employment growth with up to 65ha of additional employment land. Piccadilly area forms part of the city centre area.

The policy framework for regenerating these areas is set out in a series of SRFs. In terms of delivery, there are a number of area based regeneration teams to support the regeneration and development of Manchester Area.

There is also a commitment to produce a strategic infrastructure plan at the city-wide level which would help identify future requirements. Undertaking infrastructure planning at the city-wide level will ensure that future priorities are co-ordinated to deliver necessary benefits and deliver the Strategy for Growth.

Institutional and governance arrangements

Figure 18 summarises the current governance structures covering Greater Manchester.

There are well established governance arrangements at the city region level via the GMCA with clear responsibilities for and governance of economic development, planning and transport across the city-region. The GMCA area also aligns with that of the GMLEP, and also includes the proposed Manchester Airport HS2 station. Additionally, there is the Greater Manchester Investment Framework which has been created to draw together a range of funding and assets to support and maximise economic growth.

Planning and delivery mechanisms

At this stage it does not appear that a detailed assessment has been undertaken of the potential for a special purpose vehicle to be established to take forward the regeneration and development of the Piccadilly area in conjunction with HS2. It does not appear that specific mechanisms have been identified either within the Piccadilly SRF or more widely to prevent land speculation. However, the SRF does set out a clear development and phasing strategy as well as identify need to invest uplift in land values into infrastructure investment which could help prevent piecemeal landownership by a series of smaller land owners / developers.

Stakeholders have confirmed that the necessary planning and delivery mechanisms are available within the current institutional and governance structures and that an urban development corporation or equivalent is not essential. To a degree, the optimal planning and delivery mechanism will be contingent on the funding model that is expected to be required to support investment. Stakeholders have suggested that some form of appropriately democratised urban development corporation would, though, provide a signal of intent and ambition for central Manchester that would be beneficial in attracting and providing confidence for inward investors.

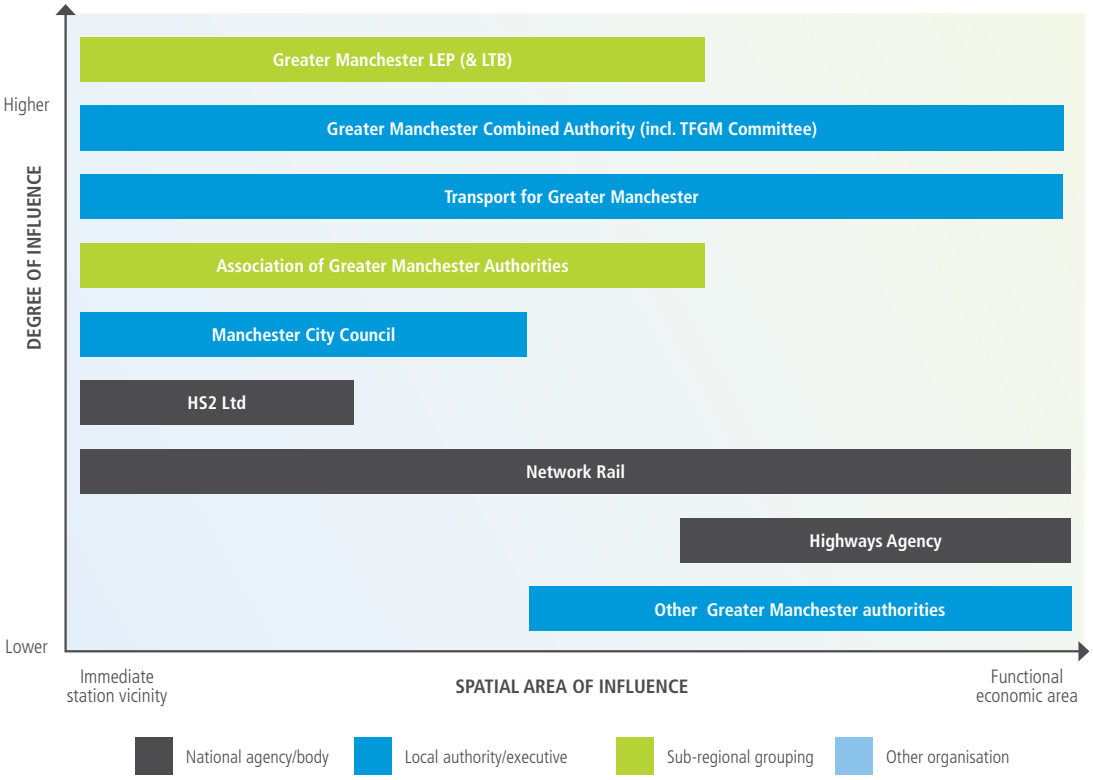


Figure 18. Institutional and governance arrangements (Manchester Piccadilly)

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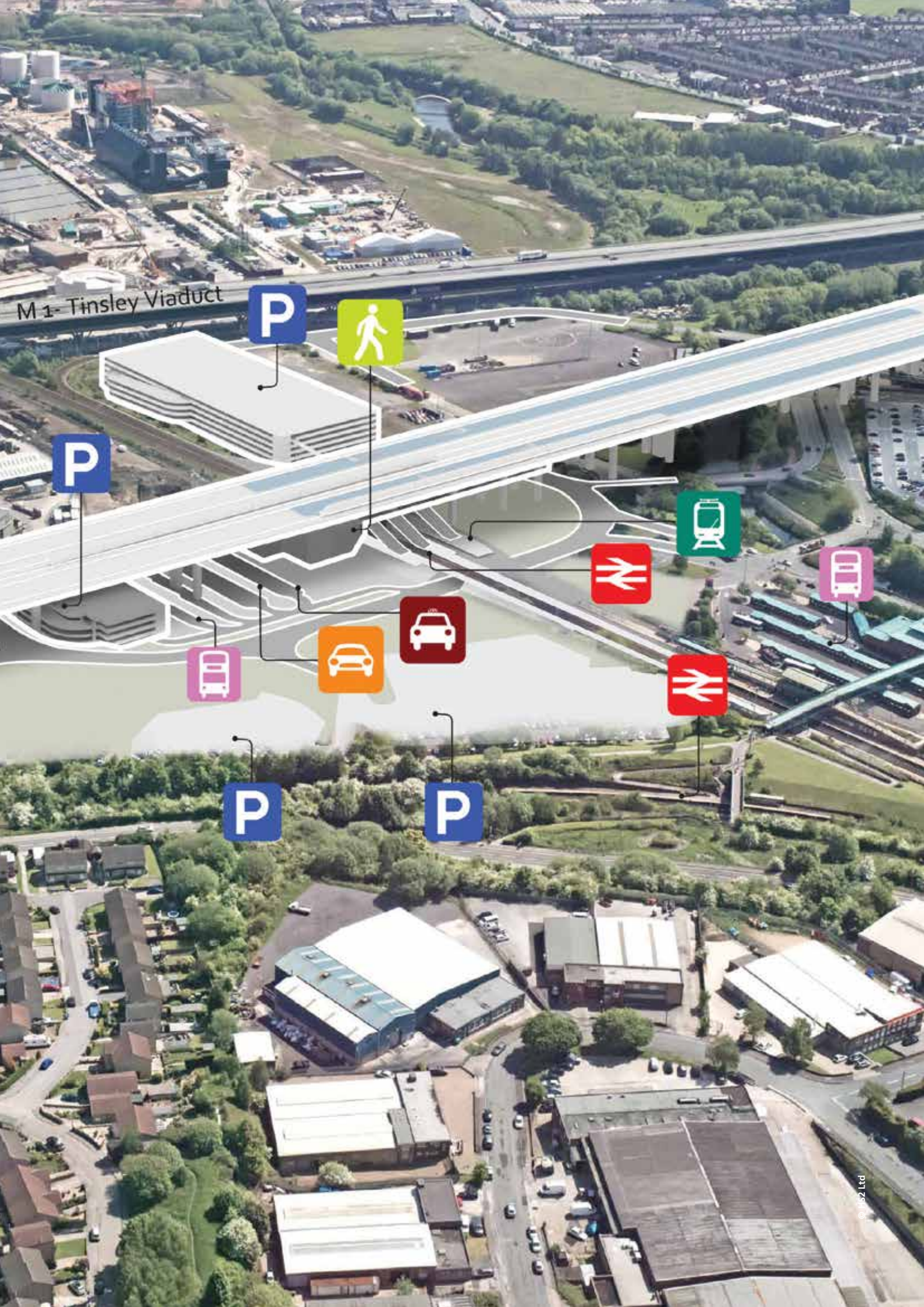

M 1- Tinsley Viaduct

HS2 READINESS:
Sheffield Meadowhall

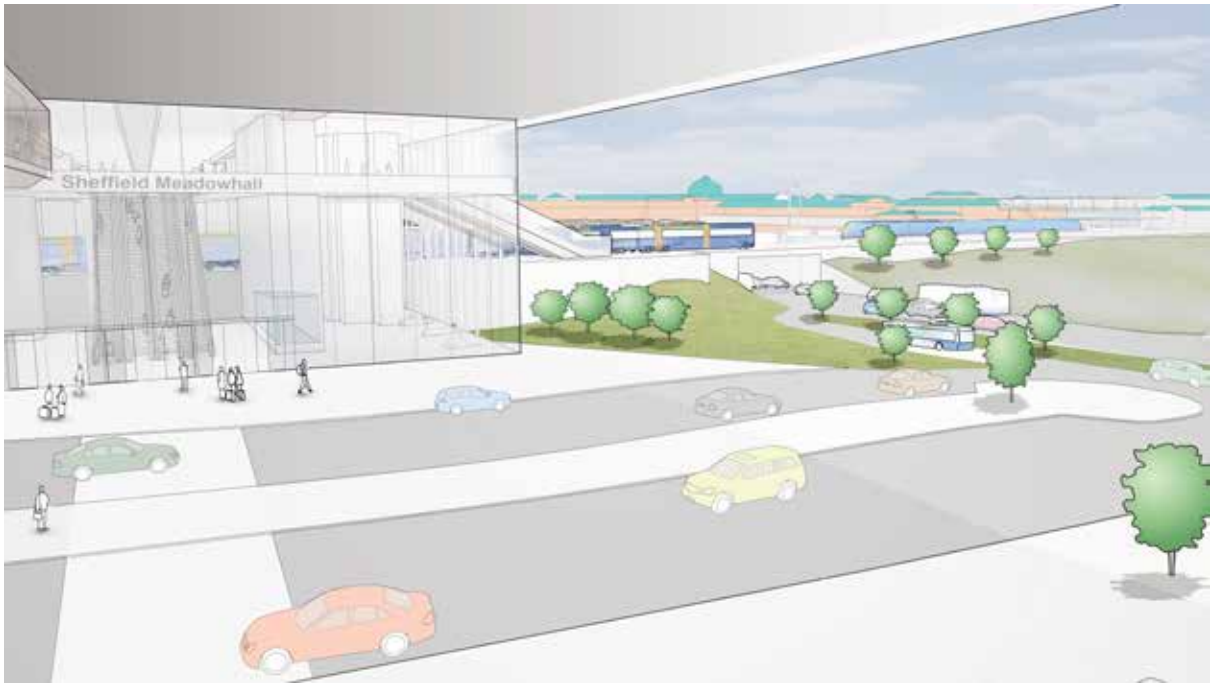
SUMMARY OF KEY FINDINGS

The key structural socio-economic constraints to realising the economic growth potential of HS2 area are well understood and strategies are in place to address these challenges.

There are significant opportunities for HS2 station proposals at Sheffield to enhance connectivity to South Yorkshire and the wider Sheffield City Region (SCR) as well as other northern cities. However, the evidence remains uncertain as to whether this can be most effectively and efficiently achieved through a new station at Meadowhall or Victoria in the city centre.

Strategic plans and policies strongly endorse the proposal of an HS2 station serving the SCR. However, these require significant refinement and further detail, the emergence of which will be delayed until greater certainty is established regarding the final choice of station location.

Moves towards the establishment of a Combined Authority for the SCR will provide a sound platform for the governance and delivery of economic growth and regeneration plans focused on a new HS2 station in Sheffield. Again, the maturity of these structures will be held back until greater certainty and consensus over the issue of station location is achieved.



Context

The HS2 Phase 2 Consultation document describes the intention to construct a new HS2 station on land adjacent to the Meadowhall shopping centre close to Junction 34 of the M1 motorway. The site is approximately four miles north east of central Sheffield and three miles south west of Rotherham. Located close to the existing Meadowhall Interchange, the proposed station site would be constructed on an overflow surface car park (Alsing Road) adjacent to the M1 Tinsley viaduct and the Sheffield to Rotherham railway. The site is located on the Sheffield City Council side of the border with Rotherham Metropolitan Borough. Beyond the shopping centre, the area is dominated by industrial activity characterised as the Lower Don Valley and the Sheffield-Rotherham economic corridor.

The new station, as currently proposed by HS2 Ltd would be orientated north-south and would be located between the Meadowhall shopping centre and the Firth Rixton industrial premises to the north-east. The station design would integrate a new stop on the existing Supertram service from Meadowhall to Sheffield city centre. The Sheffield to Rotherham rail platforms would be extended to the east in order to be closer to the new HS2 station. These platforms would also provide access to the existing Meadowhall Interchange for connections to the Sheffield to Barnsley railway.

The proposed location of the Sheffield Meadowhall HS2 station is shown in Figure 19 below.

Figure 19. Proposed location of Sheffield Meadowhall HS2 station

Estimates of economic growth potential

Table 9 sets out the available estimates on the potential local economic growth and regeneration opportunities that could be facilitated or supported as a result of a new HS2 station at Meadowhall. From the research undertaken to date by both HS2 Ltd and local stakeholders, it is apparent that there are a number of good opportunities to generate new employment which would contribute to the continued growth and diversification of the Don Valley (Sheffield-Rotherham) economic corridor.

SOURCE	HS2-RELATED GROWTH	SOURCE/NOTES
HS2 Ltd HS2 Phase 2 Consultation, July 2013 (p50-51) - Appendix C: Appraisal of Sustainability: HS2 Phase Two	▪ Commercial floorspace: 77,000 – 106,000 sq.m. ▪ 4,000–5,400 jobs. ▪ 250–300 residential units.	HS2 Ltd estimates of additional jobs 'supported by' a new station at Meadowhall. Estimates assume displacement of 800 jobs.
HS2 Regional Economic Impacts, KPMG for HS2 Ltd., September 2013	▪ £0.5 - £0.9 billion GDP impact per year (South Yorkshire).	Estimated change in economic output by city region in 2037 after investment in HS2 - 2013 prices

Table 9. Estimates of economic growth potential (Sheffield Meadowhall)

Assessment of HS2 readiness

Economic and socio-economic structural challenges

There is a strong evidence base supporting the understanding of the challenges facing Sheffield and the wider city region. This is reflected in a range of up-to-date documents including the Sheffield City Region Economic Overview Report (SCR, March 2013) and the SCR draft Strategic Economic Plan (SEP) – titled the Growth Plan, December 2013. Moreover, these structural socio-economic challenges are also assessed in the context of how an HS2 station serving the SCR could assist in addressing them. For example:

- Maximising the economic impact of HS2 investment in Sheffield – Genecon for SCC & SYPTE, February 2012.
- The Economic Case for High Speed 2: Leeds and Sheffield City Regions – WSP for SYPTE & Metro, June 2013.

The SCR's SEP – the Growth Plan - puts forward an ambitious strategy to address existing socio-economic challenges and to achieve the step-change required to ensure the city region is competitive with other UK regions. This includes the identification of key sectors which are assessed as being of importance to the future of SCR's economy. These include: advanced engineering; construction; creative and digital; financial and business services; healthcare technologies; logistics; manufacturing; retail; and sport, leisure and tourism.

Overall, the SCR LEP estimate that to close the gap between the city region's current economic performance and that of the national average, an additional 70,000 jobs will need to be created over the next 10 years. Moreover, at least 6,000 new businesses would need to be established with GVA increasing by over £3billion[36]. The draft SEP indicates that to achieve this, there will be a need to attract new businesses to the SCR from outside the region. In doing so, the city region will need to ensure it can offer a ready supply of good quality land and premises.

The draft SEP also highlights that the SCR displays a significant productivity gap with GVA per head being only 83% of the national average in 2011. To be on a par with the national average (excluding London), the SCR would need to increase GVA by £3billion (11%). Central to this will be the need to increase the proportion of the city region's jobs in higher skilled occupations.

Very closely related to the need to generate a step change in business and employment growth especially within relatively high value sectors is the need to address a significant skills gap in the city region. As highlighted above, the capacity of the area's workforce to attract new business investment is held back by substantial numbers of economically active people within no qualifications.

Supporting the Growth Plan, the SCR has also prepared a draft Implementation Plan (December 2013) which sets out the challenge, ambition and actions for a range of economic development themes ranging from skills development, indigenous business growth, new start up and connected infrastructure.

Importantly, the SCR and its 9 constituent local authorities are building on a long established history of collaboration having recently undertaken a Governance Review. This resulted in agreement that a SCR Combined Authority should be established. Likely to come into operation by April 2014, the Combined Authority would be set up to '…improve the exercise of statutory functions in relation to economic development, regeneration and transport in the SCR leading to an enhancement of the City Region's economic conditions and performance[37].' This collaborative approach to addressing the area's socio-economic challenges will be important to ensuring that constraints to delivering economic growth from HS2 can be addressed more effectively.

36 SCR Growth Plan (draft SEP), December 2013.

37 Strengthening Governance in the Sheffield City Region – SCR, April 2013.

Physical infrastructure challenges and opportunities

High level assessments of physical constraints and opportunities have been undertaken and are set out in the following documents:

- The Economic Case for High Speed 2: Leeds and Sheffield City Regions – WSP for SYPTE & Metro, June 2013.
- Don Valley Master Plan Study (2005).
- LCR Phase 2 Stations Development Reviews – Sheffield Meadowhall, January 2014.
- High Speed Rail: Investing in Britain's Future - Sheffield City Council Response to HS2 Consultation, 2014.

As highlighted earlier, the proposed station at Meadowhall is surrounded by physical constraints, not least the M1 Tinsley Viaduct and the existing shopping centre. Other key constraints highlighted by the evidence available to date includes land to the north and north-east of the proposed station site on the Rotherham side of the M1:

- Embankment land with significant constraints to development.
- Existing Blackburn Meadows water treatment works.
- Site of current development of Eon biomass power station.

Other constraints arising from the proposed alignment of the HS2 route to serve the Meadowhall station include:

- Potential severance and blight of designated Enterprise Zone sites to the south-east of Meadowhall although replacement sites are being considered.
- Potential part severance of the proposed Waverley New Community site immediately west to Waverley Advanced Manufacturing Park (Rotherham MDC).

Plans are to be implemented for the introduction of a managed motorway scheme between M1 Junction 32 and 35a including Junction 34 (Tinsley Viaduct) which would act as the main strategic highways access to the proposed station. This indicates that capacity at the junction is already under strain. To date, no detailed investigation by the Highways Agency or HS2 Ltd has been undertaken regarding potential constraints along the M1 at Meadowhall.

Physical constraints linking the existing Meadowhall Interchange and Supertram station with the proposed HS2 stations have been identified by HS2 Ltd although comprehensive solutions to addressing the regeneration and economic growth requirements of an integrated interchange have not yet been provided.

British Land is the main owner of land likely to be directly affected by the HS2 proposals.

Overall, the evidence indicates that further detailed research is required to fully assess the physical constraints and net development opportunities is required in order to provide greater certainty in respect of genuine potential for local economic growth and regeneration in the Meadowhall and wider Don Valley areas.

Connectivity

The proposed Meadowhall station is directly accessible from the M1 (Junction 34) creating excellent accessibility by car from the north, south and east. However, as highlighted above, there is evidence to indicate that Junction 34 and surrounding local roads may be significantly constrained in terms of capacity without improvements which still need to be defined.

Meadowhall is already reasonably well connected by public transport with existing rail services to the east (Rotherham, Dearn Valley and Doncaster), north (Barnsley) and to Sheffield City Centre (rail and tram). However, there is a recognised need to improve integration between the existing Meadowhall Interchange and the proposed HS2 station. At present, HS2 Ltd proposes retaining the existing interchange rail and bus stations and tram terminus with associated alterations and improvements.

South Yorkshire PTE / Arup have undertaken a detailed study to assess the feasibility and cost of relocating the Meadowhall Interchange to the HS2 station site with 5 rail platforms and 4 tram platforms. Also being investigated is the possibility of introducing a non-stop tram service to Sheffield city centre as well as an extension of the tram service to:

- Rotherham and Barnsley.
- Sheffield Enterprise Zone at Tinsley Park and Advanced Manufacturing Park / Waverley.

Overall the connectivity investment being proposed amounts to approximately £1.5 billion.

Although acknowledging the potential positive economic and regeneration effects of a new HS2 station at Meadowhall, Sheffield City Council (SCC) is strongly in favour of a city-centre HS2 station at Victoria. Consequently, the Council has submitted evidence to support this alternative. This includes an emphasis on the importance to providing direct city-centre to city-centre connectivity between Sheffield, Leeds, Birmingham and Manchester. Reference is made in the Council's response that HS2 Ltd's passenger demand forecasts indicate that passenger demand to cities other than London would be substantially higher with a Victoria station than Meadowhall. Evidence is also submitted which suggests that:

- The business sectors most likely to be influenced by the introduction of HS2 will be the higher value service sector activities which already have a higher concentration in Sheffield city centre.
- Mapping of projected HS2 patronage by HS2 Ltd demonstrates that the majority of users will come from the areas to the South West of the Sheffield District which area more accessible to Victoria / the city centre compared to Meadowhall.
- On balance, connectivity to the whole of the SCR is better served by a station in the city-centre. The City Council argue that studies to date have focused solely on connectivity to part of South Yorkshire

only. Indeed, the Council suggests that other parts of the SCR (other than South Yorkshire) have a greater propensity to use HS2.

- Connectivity at Victoria would at least equal if not improve upon opportunities at Meadowhall.
- A new, single, integrated station linking HS2 and classic rail services could be provided in the city centre by constructing a new platform and stop on the Midland Mainline which could be incorporated within a new Victoria Station. This would enable a 'seamless transfer of passengers on to the classic rail service.' In addition, additional platforms and stops could be introduced on the Sheffield – Worksop line again incorporated with the new Victoria Station. SCC is also investigating the scope for using Victoria as the terminus station for the Lincoln-Worksop-Sheffield line. It is suggested this would have an immediate impact to reduce the number of trains using the 'bottleneck' approach to Sheffield Midland Station.
- Victoria could also be connected to the Supertram network serving major development and regeneration sites including Enterprise Zones in the Don Valley and the Waverley Advanced Manufacturing Park.
- Connectivity at Victoria could potentially be achieved at lower cost (compared to the proposed connectivity package for Meadowhall) with funding leveraged by uplifts in economic value and business rate revenues.
- It is feasible that the alignment of the HS2 route to the city centre could have reduced impact on key development and regeneration site compared to route currently proposed by HS2 Ltd to serve a station at Meadowhall.

Overall, consensus does not exist regarding the optimal package of connectivity requirements and priorities required to maximise the economic growth and regeneration benefits of an HS2 station serving the SCR region. The prioritisation process is complicated particularly by strongly differing views as to whether a new HS2 station should be located at Meadowhall, as currently proposed, or Victoria in the city centre. Further independent research is required to assess wider connectivity requirements and priorities from the perspective of maximising the city region's economic growth and regeneration potential. This research should be conducted in parallel with thorough assessments of highway and HS2 route alignment constraints for both the Meadowhall and city centre options.

HS2 in strategic and local plans

The current planning horizon for SCC's Core Strategy and Local Plan ends before the expected HS2 opening date and therefore there is no direct reference to the HS2 station within it. The same applies for neighbouring authorities that are at various stages of adoption and preparation.

The existing Don Valley Master Plan in which Meadowhall is located was adopted in 2005 so does not embed the potential economic growth and regeneration effects of the proposed HS2 station. However, the Master Plan is being revised in a joint initiative between Sheffield CC and Rotherham MBC which, it is envisage, will incorporate joint planning arrangements for maximising the beneficial effects of an HS2 station at Meadowhall.

As highlighted above a number of important designated employment generating and regeneration sites including three Enterprise Zones are significantly affected by current HS2 alignment proposals. Consequently, in this regard there is a conflict between aspects of the HS2 Ltd's proposals for Sheffield and existing economic development and regeneration policies and plans.

The SCR draft SEP / Growth Plan highlights the importance of HS2 to the city region and endorses the identification of a station to serve the area. However, given the lack of consensus regarding the preferred location of an HS2 station, the specific economic and development potential around an HS2 station are not clearly identified by the draft SEP.

From one perspective, it could be argued that the current proposals for a station at Meadowhall are at odds with established policy priorities for the SCR most notably the importance of concentrating efforts to target the growth of higher value service-based jobs in the city centre in order to overcome the city region's productivity and employment deficit.

In a letter to HS2 (dated 31 January 2014), private sector members of the LEP stated that:

'Having looked at all the available evidence and noting that there is still much more evidence to be developed and produced, the private sector members of the LEP Board are of the view that there are two viable options remaining from the shortlist of station locations published by HS2 Ltd. These are at Meadowhall and Victoria, both of which can be shown to bring substantial economic benefits to the City Region. Following a healthy debate, the private sector members of the LEP Board strongly believe that the final decision on station location must be underpinned by the analysis of consistent information for both station locations and based on maximising the net economic benefit for the Sheffield City Region.'[38]

Institutional and governance arrangements

Figure 20 summarises the current institutional and governance arrangements covering the Sheffield City Region.

As highlighted earlier, the SCR and its 9 constituent local authorities are building on a long established history of collaboration having recently undertaken a Governance Review. This resulted in agreement that a SCR Combined Authority should be established. Likely to come into operation by April 2014, the Combined Authority would be set up to '...improve the exercise of statutory functions in relation to economic development, regeneration and transport in the SCR leading to an enhancement of the City Region's economic conditions and performance[39].'

The emergence of a Combined Authority provides a solid platform for planning for the economic growth and regeneration opportunities arising from HS2 for the benefit of the whole city region. However, the key challenge to governance arrangements will be the achievement of consensus over which station location option will deliver the greatest overall net economic benefit for the city region. More detailed, objective assessments will be required to inform this decision should HS2 Ltd open up the possibility of reconsidering both the Meadowhall and Victoria options (from an economic growth and regeneration perspective).

38 Letter from James Newman, SCR Chairman to HS2 Ltd, 31 January 2014.
39 Strengthening Governance in the Sheffield City Region – SCR, April 2013.

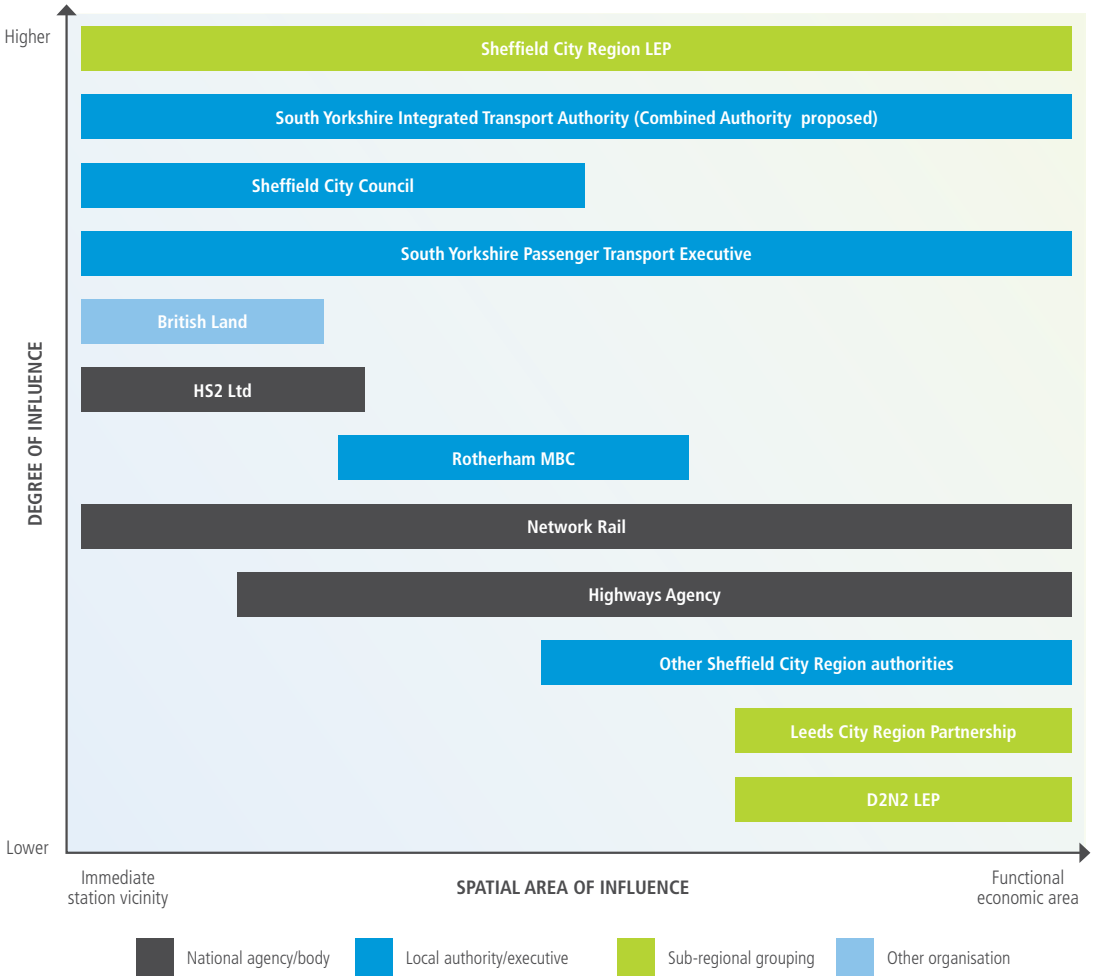


Figure 20. Institutional and governance arrangements (Sheffield Meadowhall)

CASE STUDY:
THE POTENTIAL ROLE OF A CITY-CENTRE STATION IN MAXIMISING ECONOMIC GROWTH AND REGENERATION

Sheffield City Council has prepared evidence to support the case that locating the HS2 station at Victoria in Sheffield city centre will yield significantly greater economic and regeneration benefits to the City Region when compared to the Meadowhall site. The Council has developed evidence to indicate that:

- **The transformational effect of a city centre HS2 station will be substantially greater than a parkway and interchange location at Meadowhall. This would be particularly reflected in facilitating inward investment by higher value businesses that require a city centre location and can benefit from high speed access from city-centre to other major city-centre destinations. In addition, the scale, density and net economic value generated by city-centre growth would be significantly greater around a city-centre HS2 station compared to Meadowhall. As highlighted in the table below, the a new station at Victoria could support the creation of up to 12,100 additional jobs compared to up to 5,400 at Meadowhall (shown in Table 9).**
- **The types of jobs and sectors identified in the draft SEP which need to be created to help Sheffield enhance its competitive position relative to other UK cities are much more suited to a city centre rather than a out-of-centre location.**
- **City Region and wider connectivity from an HS2 station at Victoria is equal to, if not greater and potentially cheaper than a station at Meadowhall.**
- **A city centre location would provide more direct and quicker access to HS2 services for the businesses and people most likely to be in demand for such services.**

SOURCE	HS2-RELATED GROWTH	SOURCE/NOTES
Maximising the economic impact of HS2 in Sheffield – Genecon for Sheffield City Council & SYPTE, February 2012.	Commercial floorspace: 170,000 – 220,000 sq.m. 9,400-12,100 jobs. 650-800 residential units. Net additional cumulative GVA over 25 years: £2.8 billion	Profile of jobs created in the vicinity of Meadowhall is different to that would be created in the City Centre (around Victoria station). The latter assumed to have higher proportion of knowledge-based service sector employment.
Volterra (2013) for Sheffield City Council – An assessment of the case for a city centre high speed rail station in the Sheffield City Region	Over a 60 year period, the additional economic value is estimated to be between £3.7 billion and £6.7 billion.	Analysis undertaken for Sheffield City Centre HS2 station (Victoria).

Planning and delivery mechanisms

Supporting the case for an HS2 station at Victoria, Sheffield City Council commissioned CBRE to examine property and financing the HS2 Station and associated infrastructure investment. Formulated on the assumed greater uplift in economic value associated with a city centre station location (compared to Meadowhall), SCC consider that increased business rate capture could deliver a net present value of up to £847million over a 60 year period. A Tax Increment Financing Model is identified as a possibility to enable SCC to borrow the funds required to finance some of the additional costs of an HS2 station at Victoria. However, the Council also suggests that the business case appraisal framework should be broadened to capture at least some of the potential 'transformational' regeneration benefits associated with HS2 station proposals.

There is no clear evidence to indicate that similar mechanisms have been explored in respect of delivering economic growth and regeneration centred on the Meadowhall proposal.

Further assessment and options appraisal will be required to identify the most appropriate delivery and funding structures for HS2 at Sheffield.

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