

National Infrastructure Commission:

# Rail Needs Assessment for the Midlands and the North

‘RNA Interim report: views on NIC proposed methodology’

## Joint Response of Leicestershire County Council and Leicester City Council, August 2020

### Introduction

Leicestershire County Council and Leicester City Council (the Councils) submitted an evidence paper in response to the NIC’s Call for Evidence in May 2020. This submission set out infrastructure priorities essential to meet the needs of residents and businesses of the City and County over the next 20 years, in context with our existing joint strategies. These priorities include:

- providing a direct rail link between HS2 and the Midland Main Line at the HS2 East Midlands Hub (Toton)
- investing in Leicester station to improve both capacity and quality
- completing full electrification of the Midland Main Line
- improvements to wider rail services as proposed by Midlands Connect.

These priorities are listed in a sequential order given delivery inter-dependencies and together will deliver greater overall benefits than the individual standalone schemes. These benefits include connectivity and capacity for rail users, operational efficiency for the rail network, and consequential environmental/carbon gains as a result of the improved efficiency.

The RNA Interim Report sets out the NIC’s proposed approach to developing packages of projects for Government decision and asks four specific questions on the proposed methodology to develop these. Responses to these questions are set out in sections 1 to 4 below.

In addition, some general observations are given in section 5 of this response. These general observations cover the topics of; embedding **de-carbonisation and sustainable behaviours**, criteria to measure **efficiency of rail operations**, and **alleviating deprivation**.

**1. NIC Question 1: Please provide specific sources for evidence that the Commission could use in estimating costs and the impact of proposals on journey time and capacity.**

- 1.1 The NIC set out that it will consider a range of options for inclusion in the packages to be presented to Government, including (p36): the scoping, phasing and sequencing of HS2 Phase 2b, Northern Powerhouse Rail and Midlands Engine Rail; improvements to existing lines (including the MML) and “generic interventions such as electrification”. This approach is welcome.
- 1.2 In response to the NIC request for sources of evidence - on costs, journey time and capacity benefits in relation to Leicester and Leicestershire - the Councils recommend the following be considered:
- The Strategic Outline Business Case (SOBC) for the Leicester Station Masterplan. This was included as an attachment to the May 2020 evidence paper, submitted in response to the NIC original call for evidence. This demonstrates a need for investment in the capacity and quality of the passenger facilities and access arrangements at the station to meet future demand.
  - The Continuous Modular Strategy Planning (CMSP) study for the Leicester area, which Network Rail has just completed with the support of all stakeholders. This document sets out recommendations for capacity investment in the Leicester area which is essential for achieving the Midlands Engine Rail aspirations. These aspirations include services associated with the Midlands Rail Hub, improved regional connectivity including direct services between Coventry and Leicester, and HS2 classic compatible services between Bedford and Leeds.
  - The SOBCs produced by Midlands Connect for the above proposals. It is understood that Midlands Connect has/will be providing these to the NIC.
  - The work undertaken previously by Network Rail on developing the design, costings and business case for electrification of the MML north of its current proposed limit at Market Harborough.

**2. NIC Question 2: Given the evidence for how transport impacts growth and competitiveness, is assessing against the Commission’s proposed criteria of productivity, connectivity, and unlocking investment in land around stations a reasonable approach to estimating the impacts of proposed rail investments? Please provide links to any specific sources of evidence you think that the Commission should use to support this methodology.**

- 2.1 Since Network Rail undertook its ‘Market Studies’ in 2013 there has been an increasing consensus about the link between perceived journey time (in the rail industry generally measured by Generalised Journey Time – a measure that takes account of actual time weighted for frequency and a penalty associated with interchange) and GVA. Leicester and Leicestershire’s own Rail Strategy - adopted in February 2017<sup>1</sup> - sets out the modelled impact on the City and County’s GVA of prioritised improvements in rail services. It states (p5):

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<sup>1</sup> <https://www.leicester.gov.uk/media/180873/rail-strategy-march-2017.pdf>

*“The context is that Leicester and Leicestershire have relatively poor rail connectivity. Whilst the service to London is frequent from Leicester, the strategic connectivity to regional and national centres of economic activity is weak. Fast and frequent regional and national rail links are becoming increasingly important for business to business connectivity, as well as for travel to work and leisure journeys. The importance of business to business connectivity has been demonstrated comprehensively in work undertaken by Network Rail (Market Studies 2013) and by HS2 Limited (“Rebalancing Britain” – October 2014). The shortening of journey times and direct services between key cities and towns is vital to support economic growth.”*

- 2.2 The Councils’ Rail Strategy sets out (section 6.2.5) the following estimates of annual uplift in GVA for the City and County’s economy associated with the proposals examined.

<b>Destination</b>	<b>GVA p.a.</b>
<b>Sheffield, Leeds and North East England (direct services via HS2)</b>	40.9
<b>Swindon and Bristol (via East West Rail)</b>	19.5
<b>Sheffield, Leeds and North East England (via HS2 with change of train at Toton)</b>	17.4
<b>Thames Valley (via Coventry / Leamington)</b>	14.9
<b>Thames Valley (via East West Rail)</b>	13.4
<b>Manchester</b>	9.1
<b>Enhanced service to London</b>	6.9
<b>Leeds and North East England (via conventional network)</b>	6.4
<b>Sussex Coast and/or Sevenoaks via Thameslink</b>	4.0
<b>Norwich</b>	1.5
<b>Burton-upon-Trent</b>	0.3

- 2.3 Network Rail’s CMSP identifies the investment in rail infrastructure needed at Leicester to deliver the Midlands Engine Rail projects, including the Midlands Rail Hub, and to ensure the right layout is developed as part of MML electrification. The CMSP proposals are inextricably linked to the Masterplan for the station on which the City has undertaken significant work since the Council’s Rail Strategy was produced. One of the key facets of the proposal is the development of a Multi-Storey Car Park on the existing station car park in order to release land for development. The objectives of the Masterplan integrate land value, economic and transport benefits through addressing the following challenges together:

- Having had no significant investment for over thirty years, the station is no longer adequate in terms of capacity (e.g. platform size and length) or quality to support the demand that is forecast or the future expectations of passengers.

- There is a severe shortage of high-quality grade A office space in the City of the sort that will provide the right collaborative spaces for the post-COVID future. The railway station is the ideal place to provide this, and indeed one of the very few city centre sites where it could be provided.
  - The station does not present itself as a high-quality gateway and civic amenity that supports the growth and aspiration of the City.
  - The station does not support sustainable travel well (i.e. for onward travel by walking, cycling or bus).
- 2.4 Investment in Leicester station through the Masterplan will unlock investment in land around the station to create up to 200,000 sq. ft of premium office space and a hotel.
- 2.5 We strongly recommend the NIC to consider the efficiency benefits of rail investment as described in Comment 2 (section 5.5 onwards).
3. **Question 3: Given the evidence for how transport impacts sustainability and quality of life, is assessing against the Commission's proposed criteria of amenity benefits, impact of rail freight, natural capital, and lifecycle carbon emissions, a reasonable approach to estimating the sustainability and quality of life impacts of proposed rail investments? Please provide links to any specific sources of evidence you think that the Commission should use to support this methodology.**
- 3.1 The NIC's proposal to use sustainability and quality of life criteria in assessing the proposals to be included in the packages for presentation to Government, is welcome. Other than the "Marginal External Cost" of passengers switching from car to rail (which is included in WebTAG) these factors are not generally included in transport business cases, even though they have important and tangible impacts on people's lives.
- 3.2 The Councils would welcome a criterion to contribute to the amenity benefit that specifically captures the beneficial impact of transport investment in alleviating deprivation, as highlighted in section 5.8 and subsequent paragraphs below.
- 3.3 Use of the impact of rail freight as a key criteria is supported. The Councils consider its increased future use to compliment decarbonisation and movement of freight from road to rail is critical to achieving climate change objectives (paragraphs 2.9, 4.6 and 6.8 of our May response). It is also key to relieving current freight pressures on the strategic road network.
- 3.4 The Councils welcome the use of natural capital as assessment criteria to show the impacts of the construction process on local ecosystems and habitats (impacts could be demonstrated by projects as both positive as well as negative – depending on mitigations in place during and after the construction process). The addition of extra natural capital (i.e. accessible green space) could benefit areas of deprivation and support public health.
- 3.5 As highlighted in section 5.4 below we would welcome strengthening of the criterion on lifecycle carbon emissions and addressing climate change through highlighting the importance of embedding sustainable behaviours.

- 3.6 In regard to reliability (as outlined ahead of question 3 on page 45 of the NIC interim report) measures such as the Midland Main Line electrification and the classic compatible link at Toton would further enhance network reliability by providing significant resilience with this additional connection to the classic network.

**4. Question 4: Do you agree with the Commission's proposed approach to uncertainty?**

- 4.1 The COVID-19 situation has had a very substantial short-term impact on people's propensity to use public transport. The long-term position resulting from potential behavioural changes and changed ways of working is clearly uncertain. Therefore, the Councils agree it would be sensible for the NIC to commission a programme of social research to understand the needs and preferences of rail users as suggested in the Interim Report (p45).
- 4.2 The NIC is proposing to use an alternative approach to assessment that goes wider than strict transport impacts, which along with the approach to uncertainty seems sensible.

**5. General Observations**

- 5.1 The Interim Report (p8) recognises that on current plans the Eastern Leg of HS2 will not be open until 2040, and states "it should not take 20 years to address problems that are already acute." However, the full extent of HS2, Northern Powerhouse Rail and Midlands Engine proposals are likely result in the NIC's remit of between 1 and 1.2% of GDP across all infrastructure investment categories being exceeded. As a result, the NIC will look at opportunities for acceleration, phasing and the integration of schemes. The Councils strongly support this approach – it is unreasonable to plan transformational change in public transport on the basis that a single scheme will take 20 years to deliver. Key elements of the priorities for Leicester and Leicestershire outlined on page 1 could be delivered within the next 5 to 10 years, including completion of MML electrification and the sorely-needed investment in Leicester station.
- 5.2 This joint response makes **three general comments** on the criteria and assessment methodology proposed, as described below.

**Comment 1: De-carbonisation and Sustainability**

- 5.3 Whilst "lifecycle carbon emissions" forms one of the NIC's proposed criteria, the issue goes wider than this – it is also about providing people with the opportunity to embed sustainable behaviours that would contribute towards decarbonisation targets. In the lockdown travel survey undertaken for the Department for Transport published on 23<sup>rd</sup> July 2020<sup>2</sup> 63% of respondents stated that in the long-term climate change is as serious a crisis as the virus, and despite short term fear over public transport, 34% said they would be willing to use it more to reduce their contribution to climate change.

**Comment 2: Efficiency of rail operations**

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<sup>2</sup> All Change? Travel Tracker June 2020, undertaken by IPSOS MORI for DfT

- 5.4 Railway infrastructure in the UK is designed to accommodate peak loadings, and this drives significant investment in assets (trains, track and signalling) that are not strictly required throughout the day. Long term changes in commuting and working habits - and more working from home - are likely to make the net costs of the railway higher than they were. Therefore, investment in efficiency should be within the criteria for the NIC so that public funds are available for further improvements.
- 5.5 In the context of climate change and efficiency, completion of MML electrification becomes a priority. Operating under electric power is likely to save c.30% in vehicle operating costs compared to diesel operation.
- 5.6 Furthermore, the proposed link between the Midland Main Line and HS2 at Toton Interchange would offer greater network resilience, giving an alternative route to London and more efficient use of the rail network.

### **Comment 3: Alleviating Deprivation**

- 5.7 The Interim Report (p11) comments that Benefit Cost Ratios are not always the best measure as they fail to capture adequately employment and urban development benefits, and they risk “investment being channelled to areas that are already doing well”.
- 5.8 According to the latest Indices of Deprivation (2019) dataset, Leicester is the 32nd most deprived local authority in England, and the areas that surround the railway station are all amongst the most deprived 20% of areas nationally. Income deprivation is a particular issue around the railway station with two areas featuring in the most deprived 5% in the country. The analysis on p22 of the Interim Report illustrates that GVA per hour worked is significantly lower in Leicestershire than the national average; and the graph on p13 shows that the Leicester Travel to Work Area has a very low rail trip rate for its population in comparison to other cities.
- 5.9 The East Midlands has not had the same level of infrastructure investment as other regions: “Treasury data confirms that the East Midlands is losing out in terms of public investment. We are the lowest-funded region for transport, rail and wider infrastructure.”<sup>3</sup>
- 5.10 The Interim Report notes that “rail is primarily used by those in the highest income groups” (p33). However, this masks rail’s importance for groups that do not have access to a car, and who therefore have a higher dependence on public transport. According to the “All Change? Travel Tracker” survey (p11):

*“those without access to either a car or a bicycle/e-bike – and thus likely to be relatively more dependent on public transport – are disproportionately drawn from the following groups:*

- 49% are not in work compared to 37% of the UK population (based on this survey)
- 40% are living in lower income households (annual income of less than £16,106) compared to 24%
- 24% are aged 25-34 years old compared to 19%
- 17% are from BAME groups compared to 13%”

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<sup>3</sup> Dr Stuart Young, Executive Director of East Midlands Councils, November 2017

5.11 Whilst the criteria proposed by the NIC in the Interim Report include a variety of “sustainability and quality of life” measures, the impact on deprivation does not appear to be explicitly captured. Therefore, development of a measure to capture this would be welcomed.

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**Leicestershire County Council**  
**Leicester City Council**

**Questions / Clarification, please contact:**

Leicester City Council - Garry Scott [garry.scott@leicester.gov.uk](mailto:garry.scott@leicester.gov.uk)

Leicestershire County Council - Bernard Evans [bernard.evans@leics.gov.uk](mailto:bernard.evans@leics.gov.uk)