

SHAPING REGIONAL INFRASTRUCTURE

PRIORITIES FOR GROWTH – EAST OF ENGLAND

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UNLOCKING
REGIONAL GROWTH
CBI CAMPAIGN

Introduction

As the UK begins its exit from the EU, there will need to be a renewed focus on delivering growth that is felt in all parts of the country. Improving our infrastructure to better link our cities and regions with each other, as well as with the rest of the world, will play a key role in this. In doing so, we can address regional disparities, and drive productivity and prosperity for all.

According to the CBI's 2016 report, *Unlocking Regional Growth*, the most productive area of the UK is now almost three times more productive than the least, with nine out of ten cities performing below the European average. By unlocking higher productivity, there is the potential to add £175 billion to England's economy over the next decade, of which £23.2 billion is attributable to the East of England.¹

When looking at the main drivers of productivity, infrastructure was highlighted as a key priority. Indeed, the analysis showed infrastructure's crucial role in connecting businesses to supply chains and a greater talent pool. This is particularly important for the North of England, where better transport links could provide access to a population of up to 16 million – the same number that is within an hour of London today.²

The need for improvements in our regional infrastructure aligns with business sentiment. The 2016 CBI/AECOM infrastructure survey revealed that just 26% of businesses are satisfied with the infrastructure in their region, with the majority of businesses reporting concerns about the capacity, connectivity and resilience of their local infrastructure.³

With the government widening the focus of the devolution agenda as well as re-emphasising the need for a modern industrial strategy, a clearer picture of each part of the UK's infrastructure needs will be critical. Moreover, a better understanding of our regional infrastructure priorities will provide an important evidence-base as the government looks to plan for its road and rail investment into the 2020s and beyond, and the National Infrastructure Commission starts to set out its long-term vision for our future infrastructure. All of this is critical to building on the UK's existing economic strengths, and driving long-term competitiveness.

Within this context, this report brings together both quantitative and qualitative data gathered in each region to present policy-makers, both regionally and nationally, with a clear set of strategic infrastructure priorities. It sets out key cross-cutting priorities which are common to all regions, and six priorities specific to the East of England.

Importantly, the priorities are not exhaustive nor definitive; and in the face of tightening public finances, it is clear that further private sector investment is required to help deliver the pipeline of projects needed in the UK. As such, the intention of this work is to inform a conversation between business, government and broader stakeholders about how all parties can work together to deliver the infrastructure necessary to drive growth and prosperity across the country.

Delivering infrastructure across the country

Each region will of course face unique challenges, and indeed opportunities, when it comes to its local infrastructure needs. However, in considering the data from the CBI's *Unlocking Regional Growth* report, the 2016 CBI/AECOM infrastructure survey and in conversations with CBI members across the country, it is clear that common themes start to emerge. To this end, this report highlights the following cross-cutting priorities for consideration by national policy-makers as well as strategic and sub-national bodies:

Linking regions to harness growth across the country

Businesses across the country cite the need to improve connectivity within and between regions as a priority. Improving links between the UK's largest cities can help drive growth and productivity through agglomeration, whereby businesses have access to a broader labour market pool, a wider range of markets and better connections to supply chains. Indeed, the CBI's analysis found that for every 1 million increase in the population that are within 60 minutes of travel time of a postcode area, this corresponds to an additional £0.50 in Gross Value Added (GVA) per hour. For example, reducing travel times between cities in the North of England, via the best mode of transport, could provide access to a working population of up to 16 million, matching the number within an hour of London today. There are also productivity gains to be made by shortening travel times within local areas. Indeed, increasing the speed of travel within cities by 50% can increase productivity by up to 14% in some instances.⁴

Improving regional connectivity with international markets

Post Brexit, businesses recognise more than ever the need to link the whole of the UK to international markets to increase and encourage export capabilities. This not only boosts the potential for growth, but also raises competition and encourages innovation. To this end, businesses across all regions cite the need for a long-term aviation strategy which works for all parts of the country; making full use of existing capacity whilst enabling regional airports to develop their own unique identity and competitive advantage in addition to fulfilling a wider strategic role for UK plc. Importantly, this strategy must look at the future of aviation within a fully integrated transport system, and ensure the UK's long-term capacity needs are met. In addition, ports are key international gateways for the whole country, handling an estimated 95% of the UK's trade in goods, but are currently hindered by pinch-points across the road and rail network.⁵ Poor surface access to both airports and ports, was a therefore common challenge among businesses in all regions. This will need to improve to ensure that all businesses have access to international supply chains and markets in continental Europe and beyond. This investment is now vital at a time when boosting UK trade and exports is arguably more important than ever.

Finding the governance models that work best for each region

Businesses across the country are seeking greater clarity on where future infrastructure decisions will sit for the region in which they operate. The CBI/AECOM 2016 infrastructure survey revealed that a lack of strategic regional plan and fragmented regional decision-making are seen as the top barriers to improving local infrastructure. In addition, less than half (47%) of businesses currently think that the devolution agenda will improve infrastructure within their region. Confidence is highest in the regions where there has been the greatest clarity on what devolution will look like, for example across the Northern Powerhouse and Midlands Engine, which would suggest a positive view of sub-national bodies, such as Transport for the North and Midlands Connect.⁶ While we should not attempt to roll out a 'one-size-fits-all' approach to sub-national governance, it is essential that each part of the UK has the means and ambition to take forward a shared vision of its own, which complements a long-term national strategy.

Joining up all forms of infrastructure to plan strategically

Businesses in all regions voiced a need for a more joined up and strategic approach to planning and delivery across the different types of infrastructure. In particular, the need to better link up local housing plans with economic infrastructure was seen as a priority, with the government's announcement of a Housing Infrastructure Fund in the 2016 Autumn Statement a welcome step.

Over the longer-term, businesses are keen to highlight the role of technology in improving the UK's infrastructure, with CBI research highlighting that 94% of businesses believe that digital technologies are a crucial driver of increased productivity.⁷ Future populations will dictate the way infrastructure will change, with technology becoming the main interface between people and infrastructure. It can also reduce costs, influence the design, and improve the maintenance and delivery of infrastructure. From delivering smarter infrastructure through project management, to the maintenance and operation of assets, technology will play a decisive role in the future of infrastructure use and delivery, and should therefore be a key consideration for both the government and the National Infrastructure Commission.

East of England infrastructure priorities

Businesses in the East of England target improved and more resilient connections both within the region and beyond, to bring growth to the East. Firms seek an approach which works for the specific needs of the region, delivering the infrastructure needed to maximise its potential.

Regional profile

- 37% of businesses in the East report being dissatisfied with infrastructure in the region, compared with the national average of 46%. Half (50%) say UK infrastructure has improved over the last five years and 11% believe it will improve in the next five.⁸
- 34% of businesses in the East believe that greater devolution would improve infrastructure in the region, compared with the national average of 47%.⁹
- Productivity in the East is in the 72nd percentile for the UK, meaning it is more productive than 71% of NUTS3ⁱ areas in the UK.¹⁰
- The maximum working-age population gain by improving infrastructure for a 30 to 45 minute commute zone in the East is 7.31million.¹¹

Six infrastructure priorities for the region

Enhanced rail connections with London and the South

To maximise its potential for growth, the East's connections with London and the South must be improved, with rail capacity and resilience a priority on the Greater Eastern and West Anglia Main Lines. Businesses in the region welcome the upgrades outlined as part of the new Greater Anglia franchise with commitments for new rolling stock by 2020, extra passenger capacity by 2021 and the delivery of new trains, and will be looking to see these delivered. More than three-quarters of businesses in the region want to see commitments on reduced journey times, so welcome the delivery of services from London to Chelmsford in 25 minutes, Colchester in 40 minutes, Ipswich in 60 minutes and Norwich in 90 minutes moving closer.¹² Businesses now want to see this ambition matched by Network Rail with further track and signalling upgrades.

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ⁱ We have conducted our analysis using NUTS codes, or Nomenclature of Units for Territorial Statistics, a geocode standard created by the EU, given its extensive use in the field of regional growth research. NUTS3 comprise 174 smaller UK regions, which have a maximum population of 800 thousand.

A clear approach to governance for the whole of the Eastern region

Businesses in the East seek a coherent agenda and narrative for infrastructure planning and delivery. The Government's devolution agenda is perceived by some to be too 'metropolitan' with its focus on city regions, and firms see this as an issue for a region like the East that is not focused around one conurbation. Firms in the region highlight the need for strategic thinking across the whole of the region in order to make the case for investment which will have the widest and most significant productivity benefits. In turn, the Government must clarify what the future is for further Eastern devolution or how the region can both attract the investment and undertake the strategic thinking needed to enable the development of infrastructure in the region that will facilitate growth.

Improved East-West connectivity

Improved inter-regional connections from East to West are needed to increase growth potential for the region. Firms in the region are pleased to see major work underway on the A14 Cambridge to Huntingdon, and are keen to see this delivered given that reducing congestion on this stretch was identified as important by 95% of those operating in the region.¹³ The extra capacity this work will add will make a significant contribution to the area's potential for growth, connecting the port of Felixstowe with the Midlands and further through connections with the M1 and M6.

Businesses in the region also welcome the important steps that have been taken toward improving rail capacity through Ely. This development would be vital for both freight and passenger services in the region, addressing congestion on key routes. Whilst the headline focus of East-West Rail is the connections from Oxford to Cambridge through Bedford and Milton Keynes, this will be of benefit to the whole of the Eastern region, with potential for growth on rail links through Cambridge onward to Suffolk and Norfolk. Similarly, the new Oxford to Cambridge Expressway will provide both the infrastructure needed to maximise the growth potential of the Cambridge-Milton Keynes-Oxford corridor, and bring further welcome connections to the whole of the Eastern region.

Digital and mobile connectivity needed for growth

Whilst 89% of premises in the region now have access to superfast broadband, this is unevenly spread in the region, with 31% of businesses saying they do not have broadband that meets their needs.¹⁴ A lack of high speed broadband holds back the region's growth potential, and poor connectivity is seen by some as a contributing factor in making the region a less attractive place to invest.

The wide dispersal of economic activity in the region means that many firms are based in less urban areas where access to digital infrastructure is not as strong. With attention now turning to the harder to reach areas – or 'final 5%' – there will be many businesses in the Eastern region looking to up their digital capabilities.

Similar issues are faced by businesses in tele-communications with significantly varying levels of coverage, and in some cases areas with no coverage. The region is in the 28th percentile for mobile connectivity, meaning it has worse coverage than 72% of the UK.¹⁵ Businesses in the region want to capitalise on emerging technology but lack of service holds back their potential.

Better connections to and from international gateways in the region

If businesses in the East of England are to grow and develop the region's international connections, improved access to world markets through the region's airports is needed. Improved access to airports is important to 66% of businesses in the region, almost a third of which view it as critical.¹⁶ Firms make the case for the West Anglia Taskforce's recommendation of 'Stansted in 40' from Liverpool Street, which alongside a reduction in other journey times on the region's railways, would provide faster connections between the East and the Airport. On road access to the airport, businesses identify a need for improved capacity in the close vicinity to the airport particularly on the A120 and where it meets the M11 at junction 8. Wider improvements to the M11 are also cited, particularly if access from Cambridge to Stansted is to be improved.

Similarly with Luton Airport's redevelopment looking to increase passenger numbers by 50% by 2020, rail service improvements will be needed to match this growth. In addition to increasing services to London with more direct trains through the East Midlands franchise, as well as a new £200m light rail link between Luton Airport Parkway, the intersection between the Midland Mainline and new East-West rail will provide further development opportunities.¹⁷

“Highways England’s plans for the region must move from planning to delivery tackling the bottlenecks which challenge the productivity of the region’s businesses.”

A more connected and resilient road network

Businesses cite the need to improve connectivity within the East as an infrastructure priority. Roads capacity in the region is a real concern, with the East's roads seen as lacking in resilience. The over-reliance on A roads in the region means congestion is quick to develop, with no in built resilience, and in turn pushing road users onto single carriageways and into town and city centres. The development of Expressways in the region should therefore be a priority.

Businesses highlight a lack of adequate further connections from the A1 to key economic hubs in the region with a lack of reliability on the route in the region more generally, something which should be looked at as part of the A1 East of England Strategic Study in preparation for RIS2. The A12 is a key artery in linking the Eastern region to London but firms report poor traffic flow, particularly due to the variations between two and three lanes, as holding back the region's growth. Likewise businesses want to see the A120 upgraded from Braintree to the A12 to resolve bottlenecks and congestion. The Government's package of £1.1 billion investment in road improvements for the East of England is welcome, particularly the planned works to widen the A12 to extend the road to three lanes from London to Colchester. Highways England's plans for the region must move from planning to delivery tackling the bottlenecks which challenge the productivity of the region's businesses.

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