

# CBI submission to the Union Connectivity Review – December 2020

## Introduction

The Confederation of British Industry (CBI) welcomes the opportunity to respond to the Union Connectivity Review's call for evidence. The CBI is the UK's leading business organisation, speaking for some 190,000 businesses that together employ around a third of the private sector workforce. With offices across the UK as well as representation in Brussels, Washington, Beijing, and Delhi, the CBI communicates the British business voice around the world. With members representing businesses of all sizes and sectors, including the operators, providers and users of transport, the CBI is well placed to support the review team as they assess ways to improve connectivity between the UK's four nations.

Business recognises the importance of the review as a truly independent assessment of the need for stronger infrastructure ties across the borders of the UK nations. In pursuit of this aim and despite of its name, the review should avoid political controversy about the future of the union's constitutional arrangements. Instead, business recognises the importance of setting a four-nations approach to coordinated planning of cross-border journeys that can support the delivery of key outcomes for communities across the UK. These include upgraded transport links that can facilitate thriving and better integrated labour markets, the fulfilment of common obligations to meet net zero carbon emissions targets and a reduction in regional inequality. To achieve these aims, business recommends that governments across the UK work together to:

### 1. Use strategic investments in connectivity to spread opportunity across regional and national borders

Integrating economies needs to be at the heart of any future strategy for cross-border transport networks. While business recognises the important social value of smaller projects linking rural communities, the greatest opportunities for growth, exchange of ideas and increased volumes of cross-border trade will be realised by those projects that deliver significant economies of scale. This should mean:

- Ensuring that plans for the delivery of Northern Powerhouse Rail (NPR) and High Speed 2 (HS2) are not curtailed in Northern England. Timely delivery of these projects in full will be vital for businesses and communities across the UK as they will form the foundation for future high-speed rail links into Scotland and Wales.
- Prioritising projects such as increasing resilience and capacity on the East Coast Mainline into Scotland over the re-opening of lower capacity lines closed since the Second World War.
- Investing in key road routes between major urban centres across national boundaries as a priority to tackle congestion and improve air quality. This should include works to improve capacity and increase resilience on routes such as the M4 between Bristol and Swansea and the A1 between Edinburgh and Newcastle.
- For Northern Ireland, the governments of the UK should consider investments that could deliver comparatively quick benefits through improved maritime and air links to Great Britain ahead of the more distant benefits offered by a fixed link.
- To help build a competitive Northern Irish economy, specific investment in upgrading the A75/A77 roads would ensure a smooth flow of freight to Great Britain, while a long-term ambition should be to improve economic integration with the Republic of Ireland by significantly reducing journey times between Dublin and Belfast.
- Where a fixed link between Great Britain and Northern Ireland is considered by the review, business recognises that significant investment may also be needed to connect the termini to the rest of the UK economy - a potentially expensive and inefficient use of scarce public resources.

The review should also remember that domestic aviation is key for connectivity within the UK. Enabling all parts of the UK to have connectivity with key markets such as London will be vital to preserving and strengthening them as places to centre businesses. Aviation will always play a key part of business connectivity around the UK, even where rail and shipping services improve - to ensure it is used to the most benefit, the government should:

- Push ahead with ongoing reviews into Regional Air Connectivity and APD. In particular, the government should investigate the impact double charges of APD on domestic flights has on the feasibility of regional routes.
- Support important routes for connecting businesses and communities across the four nations with hub airports that have been jeopardised by the impact of Coronavirus on the aviation sector, including travel from Cardiff Airport into London and from Northern Ireland to Great Britain, amongst others.
- Ensure there is a long-term focus on sustainably increasing airport capacity in the South East of England, either by making better use of existing runways, or through airport expansion, allowing for further capacity on routes to the UK regions in future.

The four nations must also look beyond the UK's borders, understanding that some regions' best links to global markets may lie across national boundaries. To drive growth going forward, coordinated steps will need to be taken to:

- Better integrate key ports and airports with cross-national routes through investment in improved surface access. In many areas this will be facilitated by completing HS2 and NPR in their entirety.
- Ensure continued night flights into key airports that play a vital role in moving freight and passengers into and out of the UK.
- Plan for resilience and additional capacity along freight routes across the UK that connect European and global trade to all four nations. Key projects far from internal borders, such as the Lower Thames Crossing and improvements to the Ely North rail junction, as well as investments that could enable better utilisation of ports across the UK, will be vital for securing this.

## 2. Set out a clear strategy for reforming transport governance and project assessment to ensure that borderlands are at the centre, not the periphery, of decision making

Failures in governance have been central to historic underinvestment in cross-border routes within the UK. Businesses recognise that, to a large extent, the slow pace of devolution from capitals to regional government has meant that investments that could promote cross-border economic integration have remained a low priority. Business sees the importance of:

- Progress on devolution in England as part of the Westminster government's wider ambitions to "level-up" communities across the United Kingdom.
- Ensuring regional decisionmakers on all sides of the United Kingdom's national boundaries have sufficient long-term funding certainty to draw up multi-year strategic plans for investment in transport networks. This will be vital to enabling more coordinated thinking about borderland economies.
- Working together across the four nations to tackle regulatory fragmentation, ensuring as far as possible that there is a consistent approach to emissions standards and planning standards. This will be key to limiting expense for businesses working across borders.
- Developing a UK-wide strategic transport network to replace the European TEN-T network across the British Isles where the significance of cross-border routes goes beyond regional economies. This should cover all the UK infrastructure formerly included in the EU TEN-T network.
  - Importantly for business, however, the TEN-T replacement needs to be more than a network funded by the Treasury and managed and directed by the Department for Transport in Westminster. To ensure buy-in from businesses and communities across the UK, governance of the network will need to be structured around a four-nations approach to co-decision making. This will mean ensuring that each national government has sufficient say in setting the strategic focus and planning future investments.

Finally, to ensure the right projects go ahead, business would like to see assessment of investments in cross-border routes made in a way that captures their wider social, environmental, and strategic value beyond narrow cost-benefit analysis. This should:

- Learn from best practice in the four nations and build on the progress made in the revised 2020 edition of the Treasury's Green Book to ensure that the tools used for project appraisal capture the potential to deliver transformational change across borders.
- Place further emphasis on the interaction of transport projects with other key strategic investments.
  - The recent CBI/KPMG report, [Connecting Communities](#), set out proposals for a new stage of transport investment appraisal at the "programme level". In this context, this would mean assessing transport investments that cross national boundaries in the broader context of a whole programme of projects that could together deliver transformational economic change on both sides of the border.
  - By adding a stage of programme level assessment prior to individual appraisal of the project, the authorities involved would have a far better understanding of how it could benefit from interaction with other investments happening at the same time. This would more readily capture the cross-cutting benefits from simultaneous public investment in transport, housing and low carbon technology to deliver on key strategic outcomes such as reaching net zero and tackling regional inequality across a border.

## 3. Make existing UK transport infrastructure future-ready

Most of all, businesses recognise that cross-border transport links need to be future-ready, with investment made early on to build resilience in existing routes and prepare networks for future low-emissions technology. Businesses across the UK recognise that most of the underlying infrastructure that will be used in 30-years' time already exists today. If governments are to meet their net zero obligations, business realises that the priority should be upgrading existing infrastructure to enable zero emissions travel. As part of this, business sees the significance of investment to deliver:

- Comprehensive coverage of Electric Vehicle (EV) charging networks across national boundaries, particularly following the recent 2030 petrol and diesel phase out date announcement. This should be accompanied by investment in alternative and transition technology networks for decarbonising freight, such as hydrogen and biogas.
- Complete track electrification along all major rail routes UK wide. Full UK track electrification with a renewable energy source would not only benefit passenger journeys but provide a potential zero emissions pathway for rail freight journeys over long distances. Steps should be made to encourage travellers to choose lower emissions options for journeys between the nations of the UK. The CBI's upcoming research on the "Future of Commuting" will consider how government can best incentivise travellers to make lower emissions choices.
- A cross-border approach to building network resilience on key transport routes. With the increasing occurrence of adverse weather conditions on cross-border routes that are often highly exposed due to their geography, further investment will need to be made to enable reliable connectivity. As an example, heavy snow in early spring 2018 significantly disrupted cross-border travel and had a significant impact on businesses and communities across the UK.
- Fully modernised public transport ticketing options across the UK. This should include the consistent roll-out of high-capacity digital ticketing systems on rail services and "tap in and tap out" style "multi-modal" fare options.
- The full roll-out of gigabit connectivity across all nations of the UK in parallel with transport investment. Digital connectivity will be vital to ensuring that all businesses and communities can benefit from the opportunities that fast, reliable digital connectivity provides. Strong digital connectivity on cross-border transport routes will also enable better access to online services and prepare the network for the future use of smart travel technology, including the transition towards Connected and Autonomous Vehicles (CAVs).
- Better data capture about cross-border journeys that can inform ongoing maintenance and decision-making about future routes in partnership with the private sector.