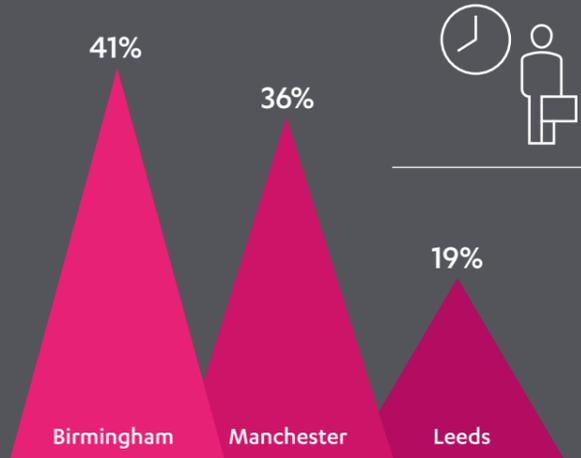


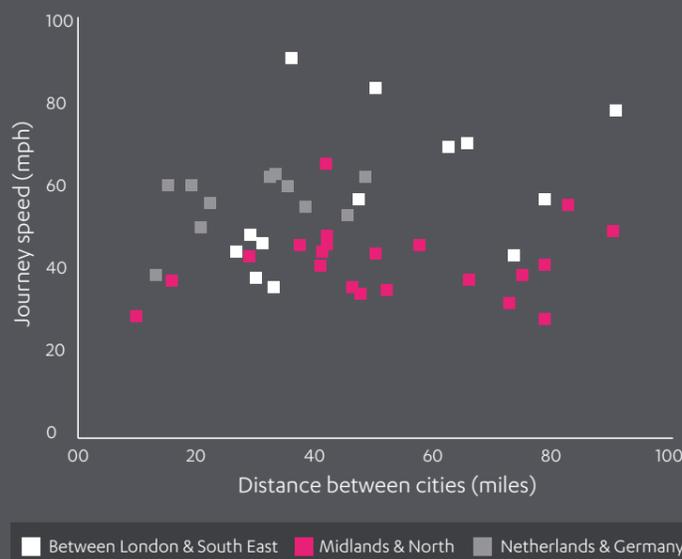
# A REALISTIC PLAN AND AN ADAPTIVE APPROACH

## Rail use is growing in the Midlands and the North

Increase in rail passenger arrivals during the AM peak, 2010 to 2019<sup>i</sup>



## But rail services are lagging behind



## Major rail projects have traditionally seen big increases in cost

**1 in 3**

major rail projects exceed their initial cost estimates by at least 50%<sup>ii</sup>



## Government needs to take an adaptive approach, setting a stable core pipeline of investment, and taking decisions to enhance or add further schemes if:

- The core pipeline is on time and budget
- Costs and benefits of new schemes are more certain
- Other investments are being made, e.g. in skills, development and local transport.

Original government cost estimate for HS2 – equivalent to **£44.5bn**<sup>iii</sup>

Current estimated total costs for HS2 **£80.7-87.7bn**<sup>iv</sup>

A core pipeline of well developed, affordable investments

Options to enhance or add further schemes later

The Commission spoke to a wide range of people to inform this assessment:

Social research **3000** people



**12** online focus groups



More than **21** HOURS of roundtables



**2** calls for evidence



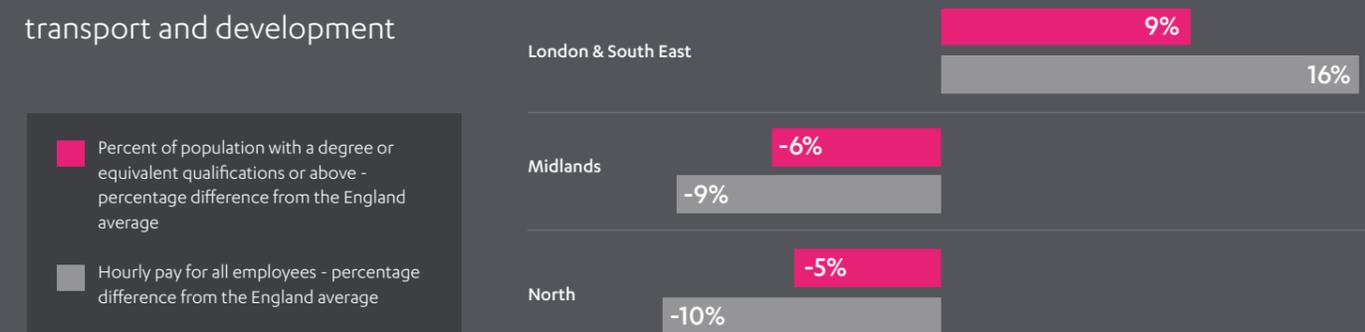
More than **45** HOURS of virtual briefings from stakeholders

## Rail is one of many factors that needs to be addressed to help 'level up' the Midlands and the North



Investment is needed in skills, as well as other areas such as urban transport and development

Skill level and earnings by region, 2019<sup>v</sup>



## Prioritising regional links is likely to deliver higher benefits for the Midlands and the North

Comparison of core packages against headline criteria<sup>vi</sup>

Prioritising regional links (+25%)

Prioritising long distance links (+25%)

**Productivity improvements** (more capacity)



£30-51bn

£25-43bn

**Connectivity improvements** (faster journeys)



9-15%

10-11%

**Connecting people to city services** (retail, leisure etc)



£11-26bn

£10-22bn

## A successful Integrated Rail Plan should:



Start with a realistic plan of core investments



Add further options subject to success



Be agreed with local stakeholders



Contribute to net zero and environmental net gain



Accelerate schemes and deliver benefits in the shorter term.

### Sources:

<sup>i</sup> Commission calculations using Department for Transport (2019), Rail Statistics, Table RAI0201, city centre peak passenger arrivals by rail on a typical autumn weekday

<sup>ii</sup> Oxford Global Projects (2020), Rail Needs Assessment: Reference Class Forecast

<sup>iii</sup> Converted to 2019 prices. House of Commons Library (2019), High Speed 2: the business case, costs and spending

<sup>iv</sup> Douglas Oakervee (2020), Oakervee Review of HS2

<sup>v</sup> Qualification data from ONS Annual Population survey (2020). Earnings data from ONS Annual Survey of Hours and Earnings (2020). Both accessed from Nomisweb. London & South East includes London, the South East and the East of England, the North includes the North East, North West, and Yorkshire and the Humber, and the Midlands includes the East and West Midlands

<sup>vi</sup> Figures are undiscounted. Undiscounted figures represent 60 years of benefits at a constant annual rate.