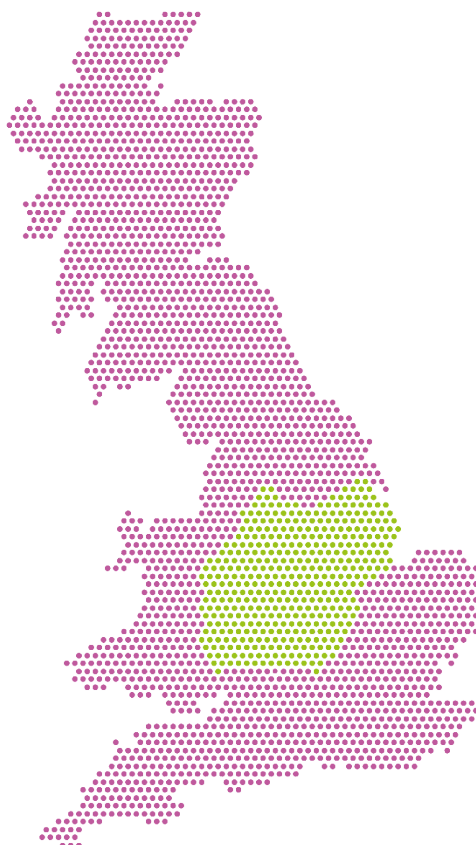


MIDLANDS CONNECT

The Trans-Midlands Trade Corridor

Proposal for an Economic Development Strategy

May 2019



1 Introduction

The *Trans-Midlands Trade Corridor*. Bringing People, Business and Investment Together.



Midlands Connect has been promoting economic growth in geographies defined by ‘strategic movement corridors’. These corridors are being identified where evidence supports that industries along those corridors are not only linked, hence creating clustering effects, but also are dependent upon the strategic transport infrastructure which forms the basis of the corridor in the first place.

An example is ‘The Trans-Midlands Trade Corridor’. The corridor is largely defined by the A46, part of the Strategic Road Network (SRN), which runs for over 250 kilometres from the M5 at Tewkesbury to Grimsby and on to Hull via the A15; although there are also some important rail links which mirror the corridor connecting a number of major towns and cities.

The Corridor’s Functional Economic Geography

The corridor is already an important economic spine; businesses there produced £115 billion output in 2015, nearly 9% of English GVA, and it’s home to 5 million people.



Strong in Exports

The Midlands exports more than any other region in England after the North East. Access to international gateways is therefore critical to the Midlands economy. Half of these exports are generated in the Trans-Midlands Trade Corridor and are particularly important to the economies of Solihull, Coventry, North and North East Lincolnshire, Warwickshire, Worcestershire and north Gloucestershire. The corridor provides connectivity to major ports at either end – Bristol and Cardiff to the south and Immingham/Grimsby/Goole/Hull to the north – and links to both Birmingham and East Midlands airports.

Strong in Industries which Rely on Roads

Around half of all jobs and GVA in the corridor are in sectors dependent on the Strategic Road Network (as defined by Highways England’s 2016 ‘Road to Growth’ report) for both national and international supply chain and customer connectivity. The share of Midlands’ jobs in these sectors is higher than any other part of England and significantly above the UK average.

Although it accounts for around 9% of England’s overall jobs the corridor’s geography includes:

- A quarter of England’s jobs in the automotive sector.
- A third of England’s jobs in clothes manufacturing.
- Almost 20% of England’s jobs in the agri-food sectors; particularly prevalent at the northern and southern extremes of the corridor – linked by the A46.
- Aviation businesses clustered around north Gloucestershire/Worcestershire/Warwickshire are linked by the A46/M5 to similar clusters around Bristol/the South West. Together these two linked clusters make up almost 40% of England’s jobs in the sector.
- A number of emerging, high growth and interconnected sectors which would benefit from improved connectivity to create clustering effects. These include the battery technology sector in Coventry and Warwickshire, the cyber security sector in Worcestershire and Gloucestershire based on the proximity to GCHQ and the Government backed Cyber Park, computer gaming in Leamington Spa and ‘Silicon Spa’ in north Gloucestershire.

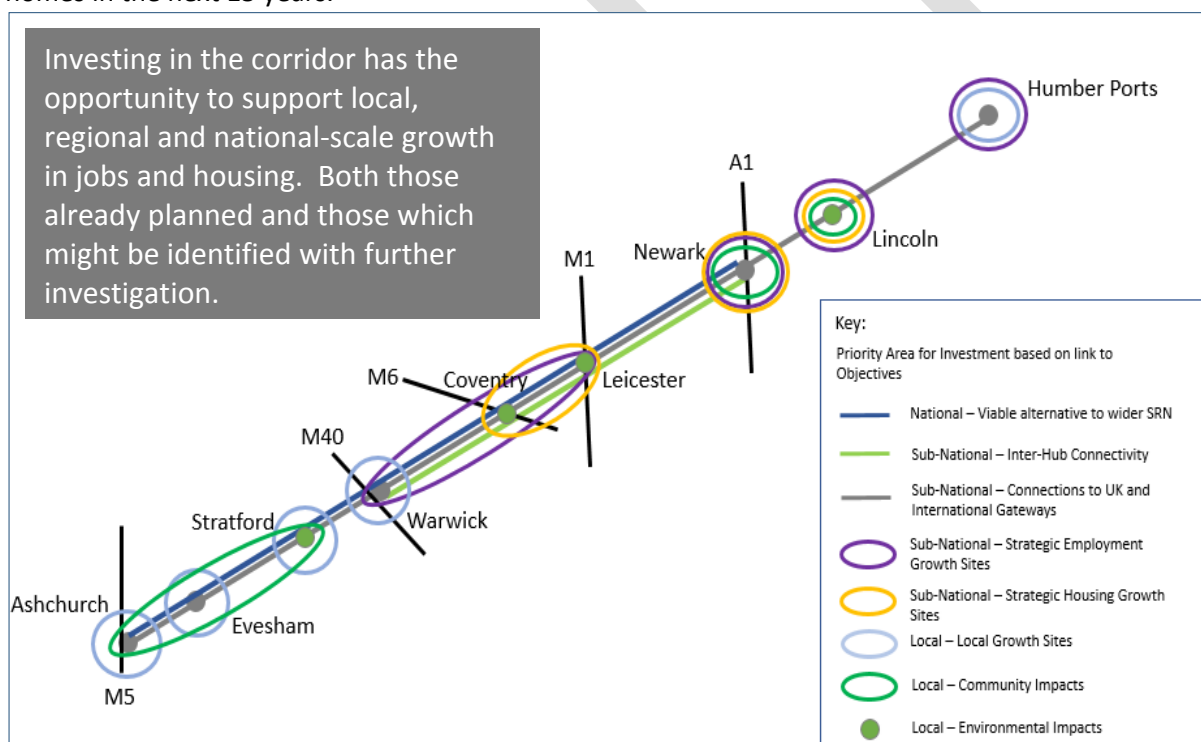
Strong growth forecast in city centre-based Professional Services

Three of the four largest centres for professional services in the Midlands are in or connected to this corridor: Coventry, Nottingham and Leicester. Cambridge Econometrics forecasts suggest that there will be significant growth in these three cities up to 2037; with Nottingham and Coventry in particular due to grow in this sector by more than 20%.

The Coventry and Warwickshire Local Enterprise Partnership (LEP), Leicester and Leicestershire LEP and D2N2 (Derby, Derbyshire, Nottingham and Nottinghamshire) LEP outline major growth at several locations, with some individual sites forecasting in excess of 10,000 jobs. The largest developments include Friargate (Coventry) and Broadmarsh & Southern Gateway (Nottingham), both introducing several thousand jobs.

Local Appetite for Jobs and Housing Growth

Planning Authorities are already beginning to consider what their longer term (i.e. beyond their current local plan commitments) development aspirations could be. When interviewed by Midlands Connect, they collectively stated that just under 275,000 new homes could be delivered in the next 25 years; if the surrounding infrastructure could sustain this. This level of growth would go along way to supporting the growing housing need for the Midlands as a whole; which stands at 600,000 homes in the next 15 years.



Additionally, the authorities stated that they could deliver the conditions to realise around 190,000 jobs over the same timeframe but will need support from national government to ensure that the strategic infrastructure is in place to support this.

This level of appetite and aspiration for bringing forward development coming from the ‘bottom-up’ is an important component to actually seeing significant growth delivered. Midlands Connect believes that these figures could be even higher if a coordinated approach to local and national policy and infrastructure were adopted for the corridor.

“We experience daily delays along the A46 corridor, impacting on our ‘delivery on time’ targets, which in turn can drive inefficient routing, as the planners will plan to arrive on time but are unable to fill the vehicle due to driving time lost through delays”

Poor Performance of the Current Strategic Infrastructure

Evidence shows there is a strong prevalence for businesses which rely on the SRN within the corridor and links to international gateways at either end which support the corridor's strength in exports.

Our assessment shows a picture of continued decline in the performance of the SRN. This holds back current productivity but is also a barrier to future growth. Speeds on the A46 are frequently below 20mph, but more importantly journeys are also extremely unreliable. Journey times can vary by as much as twice the daily average on long stretches of the road. It is this variability which has the biggest impacts on the industry sectors prevalent in this corridor to plan and function; critically affecting productivity through additional time having to be added to deliveries to plan for the uncertainty and ensure delivery slots are not missed.

Midlands Connect has also identified that some of the key cities in the corridor have particularly poor connectivity by rail; which in turn is suppressing journeys to work by rail and in some cases the economic growth potential of city centres. Two obvious examples of this are the connectivity between Coventry-Leicester-Nottingham and Nottingham to Lincoln.

Despite the relative proximity and size of Coventry and Leicester, they being less than 30 miles apart and each with a population in excess of 325,000 people, there are no direct rail services between these two cities and journeys can take at best an hour; or if a very narrow window for a connection at Nuneaton is missed then it can be an hour and a half. Improvements to the railway will play a key role in facilitating city centre growth, particularly in the professional services sector. The economies of better connected cities can interact, generating productivity improvements through clustering effects. More frequent and faster rail can also widen journey to work catchment areas and support modal shift from road to rail for commuters.

Similar levels of poor rail connectivity exist in the northern section of the corridor; where there are only hourly and slow services running between Nottingham and Lincoln. Economic growth across the area, and the parallel increase in employment and population, will drive demand for travel. Whilst this growth will be experienced across the wider D2N2 and Greater Lincolnshire geography, key centres such as Nottingham, Lincoln and Newark will continue to be important trip attractors for employment.

Rail's mode share is currently low for this market, particularly for travel into Lincoln and Newark, which reflects the poor overall 'offer' presented by rail relative to other modes. Key to improving this offer, especially for time critical travel, is connectivity – journey times and frequencies. Increasing frequencies and reducing the journey time to below 60 minutes will be important in stimulating the travel-to-work market, and provide rail with a key advantage over alternative modes.

This is a corridor in which businesses want to locate, but poor transport performance is having a number of impacts: investment decisions, operational performance and profitability of businesses plus the catchment areas and mode choice of commuters are all negatively impacted. For example, a survey by Midlands Connect of over 250 businesses in the corridor found that improving the A46 would enable 97% of them to raise their productivity and 65% would have the confidence to create new jobs.

Developing a Trans-Midlands Trade Corridor Strategic Plan

To unlock the potential growth on this corridor we recognise that our plans must move beyond transport and embrace a full suite of economic development headings such as skills, training, trade links, place making and availability of housing and commercial land.

There are potential multiplier effects which could come from an integrated approach to economic and social development that could increase the speed of the growth alongside transport investment. There is the potential for the work of local authorities and local enterprise partnerships to secure significant benefits from land value uplift through the planning process alongside increases in business rates and wider benefits from a stronger local economy.

Targeting local investment to supporting this in the form of housing, local transport and place making to attract the skilled people needed to staff the growing industries could amplify these benefits further.

We propose to develop a holistic strategy based around understanding how priming/catalyst investments in the strategic transport infrastructure can create the opportunity to generate nationally significant economic growth, and associated social benefits. Midlands Connect believes that the deliverability of such a strategy will be more successful if it were driven 'bottom-up' as a collaboration between local authorities, local enterprise partnerships and national government. By thinking about strategic planning along movement corridors, rather than solely within political boundaries, then local economies can use the transport assets as an enabler to strong and sustainable growth.



The strategy should provide a framework for more detailed planning and collaboration beneath it and could lead on to support revisions to local plan and potentially collaboration through Joint Spatial Plans and bespoke growth plans for specific sectors within the corridor.

Ultimately, the aim is to secure commitment from government to work with the local authorities and industries to maximise the growth potential and continue to grow the UK's trading role globally.

Whilst there is potential to secure significant funding from economic growth there will be a need for central government investment to complement this. If we are to accelerate growth, it will be critical to secure the long-term funding to provide the certainty to businesses and local authorities alongside central government.



2 A Corridor-Based Strategic Plan

Local authorities and LEPs in the southern half of the corridor have been collaborating for some time already under the 'A46 Partnership' who have worked together to identify a prospectus for the needs and opportunities for the road. In our 2017 Strategy, Midlands Connect identified the A46 as an important east-west connection for the region which was under performing and the rail connectivity between Coventry and Leicester and Nottingham and Lincoln as in need of improvement. Since then Midlands Connect has been working with local authorities to gather evidence and understand the role and function strategic transport plays in the local and wider economic geography. This grouping all recognise the vital role that the strategic transport plays both to their local economies but also to their ability to attract new jobs and people to their areas.

The A46 largely defines the corridor, but it also binds the economies of all the individual areas along it. This is why, for example, Lincolnshire recognise the need for investment in the Newark By-Pass. Despite the investment being needed in Nottinghamshire, the current problems created by the pinch point has a large effect on the supply chains and routes to market for the agri-food sectors in Lincolnshire. The same can be said towards the southern end of the corridor, where Warwickshire would recognise that investment around Ashchurch or Evesham in north Gloucestershire and Worcestershire provides a benefit to their local economy. Investment there would improve connections to the South-West and Wales for the Advanced Manufacturing sectors growing in Warwickshire.

Our Offer to Government

It is this collective reliance on the Strategic Road Network that has brought all parties together to determine how they can work together, but also how they might collaborate with national government to realise strong and sustainable growth on a scale not only significant for the Midlands, but also significant to the UK. A number of local authorities within the corridor are members of the West Midlands Combined Authority (WMCA) whose growth deal with Government is to deliver 215,000 homes across the West Midlands geography. Infrastructure improvements will not only help deliver those homes, but do so more quickly and provide opportunities to deliver future development in a sustainable growth corridor.

The local authorities and LEPs along the corridor have signed up to a pledge (shown overleaf). Their offer to government is to collaborate across political boundaries to develop a strategic economic growth plan for the corridor. This new strategy and delivery plan will set out how each partner can contribute to a wider, national agenda and collectively support the functional economic geography of the corridor.

Our Ask of Government

The ask of Government is to fund and be a collaborating partner in the development of this new plan. This will involve a commitment to understand and work with the partners on a delivery plan for the strategic infrastructure requirements needed to take advantage of the growth opportunities afforded by the corridor. It may also be necessary to consider new powers to authorities to capture land value increases to allow for a mechanism to part fund the recommendations from the plan; such as a Strategic Infrastructure Levy.

Areas of Potential Scope

The immediate ask from Midlands Connect, on behalf of its partners, is for Government to fund and be a partner in a holistic economic development strategy for the Trans-Midlands Trade Corridor. The ultimate outcome of this new strategy would be to establish a plan for how growth can be delivered and productivity increased in the corridor; but also how good place-making can attract more people to live and work. This would entail a comprehensive and connected plan of infrastructure investment (both local and strategic) and policy which seeks to create multiplier effects from coordination and collaboration across a number of agendas.

The current corridor area lies across a number of existing and emerging Local Plans, Strategic Economic Plans, Local Industrial Strategies and other strategies for local transport, skills/training, technology/innovation etc. There will be a need for the new corridor strategy to identify areas of commonality between these plans, deepen the analysis to understand where multiplier effects could be found and where investment in strategic infrastructure will be needed to support them. There will also be a need to go beyond the life time of existing Local Plans in order to identify longer term and larger scale of development; which would generate something considered nationally significant in scale.

The exact scope of works for the strategy would be established through a partnership approach and appropriate project governance structure. However, areas of investigation could include:

Vision and Objectives Symposium

Bring the collaborating partners together to agree a strong vision as to how the corridor can deliver nationally significant and sustainable economic growth. A focus must also be on the social benefits that the strategy can bring to the current and future residents of the corridor.

Sector focused analysis of opportunities impacts and outcomes

Midlands Connect has done a lot of work to understand the industrial make-up of the corridor, which has identified the functional geography that exists. There are existing and emerging clusters of the same or similar industrial sectors, and the strategy will need to develop plans to take full advantage of clustering effects. The next steps will be to understand the detailed needs of the industries which can take most advantage of catalyst investments in transport infrastructure. By understanding their wider needs, particularly around improving productivity and job creation, the strategy can begin to develop plans to create supporting policies and programmes which will seek the multiplier effects from any infrastructure investment.

Seek Land Value Capture Opportunities, Including a longer-term Land Availability Assessment

Whilst the output of this strategy would not supersede statutory planning documents, such as Local Plans, a focus of it must be to understand how land (brownfield and greenfield) could be utilised to deliver homes and jobs over a period beyond what current Local Plans cover (typically post-2031) and to a scale which takes full advantage of the opportunities presented by the corridor. Crucial to this area of investigation will be to understand how land value capture methods could help to part-fund the infrastructure needs of the strategy. This could include an assessment of our Community and Strategic Infrastructure Levy arrangements could form part of the funding package for the overall delivery plan.

Establish and appraise a range of interventions

The strategy must result in a clear plan for deliverables (both infrastructure and policy) which will contribute to a single-holistic plan. The costs and benefits of a package of interventions should be developed and presented to partners. The intervention could be wide ranging or focused on critical

success factors, but all linked to the clear opportunities and characteristics of the corridor. For example:

- Local and strategic connectivity, particularly for improvements to the ‘last mile’;
- Digital and Technology solutions to connectivity needs;
- Other civil infrastructure requirements;
- Support for land availability;
- Support for small less efficient businesses (the long tail of low productivity);
- Produce graduates linked to the specific industry needs and opportunities of the corridor;
- Implement skills programmes which relate to the key sectors of the corridor; and
- Create links with research institutes, academia, incubators and accelerators – implement innovation and future technology.

Understand the social value and environmental impacts and opportunities both currently and from the proposed interventions

The strategy must have a keen eye on the social and natural assets of the corridor. These will be central to how great places to live and work can be established. The strategy will need to understand how these can be utilised to the best advantage of existing and future communities.

In addition the strategy must quantify environmental impacts and identify mitigation from the potential interventions identified.

Future-Ready Opportunities

There is a huge role for technology and innovation to support growth ambitions. This corridor has the potential to provide a living laboratory to test out how the benefits can be maximised from future mobility and maximise the efficiency of the transport investment needed. Areas of investigation could include:

‘Smart Ready’	Digital infrastructure needs, including 5G and CAV requirements
‘Logistics Ready’	Real-time and predictive journey planning information Dedicated capacity for freight at key locations
‘Fuel Ready’	Electric charging infrastructure needs Other alternative fuels to support more sustainable freight and logistics movements

Establish Public-Private Delivery Pacts

The role of the private sector in delivering the strategy recommendations must be clearly understood. During the strategy development private sector partners should be approached and pacts around delivery responsibilities and commitments sought.

Develop the integrated investment and policy strategy

Finally, all strands of work should be brought together into an integrated strategy that will:

- Establish the first wave of specific projects linked to the corridor; including getting investment opportunities ‘shovel ready’ for future funding opportunities.
- Agree roles and responsibilities for delivery of interventions across the different agencies.
- Align with funding packages and policy objectives - interventions, inputs, outputs, outcomes.
- Develop an impact assessment approach and evaluation framework for each intervention.

- Understand programme dependencies to feed into sequencing of interventions.
- Present an economic, environmental and social appraisal of the plan.
- Develop a phased and sequenced delivery strategy.

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3 Statement of Commitment and Collaboration

The local authorities and local enterprise partnerships within the Trans-Midlands Trade Corridor are working closely with Midlands Connect to develop the strategic case for investment in the road and rail infrastructure, including the identification of priority sections of the route that would benefit from early investment to help accelerate housing delivery and job creation.

We feel that the corridor has strong potential to be considered as a nationally important economic development corridor. This would elevate its potential beyond simply transport benefits alone. We believe that a comprehensive strategy looking into a range of complementary policies, investments and partnerships could deliver significant multiplier effects which build upon catalyst investments in the road and rail infrastructure serving the corridor.

By bringing together strategies for housing delivery, skills/training, digital and social infrastructure, we believe the corridor can become a virtuous circle of an attractive place to live and do business. To make such a vision a reality then all levels of government, plus private sector partners must collaborate. Whilst the challenges of this are recognised, we see the corridor as a significant opportunity that will deliver a strong economic return for the country.

We are ambitious about our vision and objectives for the corridor and are keen to work with Government to secure future prosperity for the UK.

As an offer to government we make this statement of commitment to collaborate both together and with national agencies to identify a comprehensive strategy of policy and intervention needs to help realise strong and sustainable economic growth at a nationally significant scale.

Our commitment is that we will work together and with national government/agencies to establish our role in delivering such growth, in areas such as:

- **Productivity** – understanding what our businesses need from us to increase productivity and create new jobs, including through the skills needed to take advantage of the opportunities the corridor has to offer;
- **Place-making** – including identifying the short and longer term opportunities for delivering nationally significant housing numbers and creating great places for people to live and work;
- **Connectivity** – considering both the strategic and local infrastructure the corridor needs to facilitate connectivity within local communities and along the corridor;
- **Environment** – ensuring that growth does not come at a cost to our environment for future generations.

[signed]

Leader of the Council/LEP Chair
