



How do we maximise the benefits of rail investment in the North?

Manchester Chamber of Commerce
Mark Carne, CEO Network Rail
3 March 2017

Thank you for inviting me here to speak today. I am delighted to be in Manchester and have an opportunity to speak to you all first-hand about the work we are doing in the North. I also want to talk to you about how Network Rail is changing and hear what more we can do to improve the way we work with you.

Britain's railways are a success story

It is easy to forget that Britain's railways are actually a remarkable success story. Over the last 20 years, the number of people travelling by rail in this country has doubled. This comes after almost a century of decline. In the North alone, we are seeing astonishing growth figures, with a 39% increase in demand here in Manchester, 37% in Leeds, 30% in Sheffield and 27% in Liverpool.

Today, we're Europe's fastest growing railway and in the last decade, we've reduced the cost of running the infrastructure of Britain's railway by 40 percent. We're investing more in our railways than any other country in Europe, and we're Europe's safest railway too. Our railways are helping to deliver jobs, growth and housing all around the UK, including right here in the North West.

And Network Rail is changing the way we work to make sure we can deliver what people in the north really want.

We have devolved power to our routes to make them locally-run businesses, and we have appointed a Managing Director to oversee the planning, investment and delivery for all rail projects across the North. We are transforming the way that we work so that we can become more customer-focused, more commercial and more cost competitive. I am determined to make Network Rail a public sector organisation that behaves like a private sector company

Working more closely with local leaders, organisations and businesses is key to that. All of our work is being devolved to separate route businesses unless there is a very strong reason for it not to do so (safety standards for example)

That is why I am here today. There are record levels of investment taking place in the rail network and I would like to talk to you about today is how we maximise the benefits of those investments in the North West.

Railway Upgrade Plan

Right now, 20% of all the UK's new infrastructure spend is on rail infrastructure. We are in the middle of the biggest programme of railway modernisation since the Victorians.

We are spending £100m every single week on passenger and freight rail improvements. £100m per week! A simply stunning amount.

Some of the biggest elements of the Railway Upgrade Plan are taking place right here in the North West. At Liverpool Lime Street, we are changing the station to allow an extra three trains an hour, and longer trains with more seats. We're upgrading the stations at Huyton and Roby, and building a new platform at Bolton

And of course here in Manchester we are transforming Manchester Victoria, driving improvements to Oxford Road and at Piccadilly, and of course building the Ordsall Chord, which we will come on to later

Great North Rail Project

There are so many projects taking place up here, we thought it was worth giving it its own name. The Great North Rail Project.

By 2022, the Railway Upgrade Plan will have delivered £1 billion of improvements for customers across the north of England. Investment by Network Rail and the Northern and Transpennine franchises will increase capacity by 40%. This is equal to 40,000 more passengers each day, 2,000 extra services every week and more than 500 new carriages by 2020.

300km of rail track will be electrified in the North West to provide passengers with a faster, regular, more reliable service. We've already delivered electrification between Manchester and Liverpool, and Wigan, and there is more to come.

We're investing to upgrade the Transpennine route to speed up journeys, increase capacity and support more services. In December of this year, Network Rail will present a scheme option to the Department for Transport that will allow for the delivery of the required improvements by 2022.

And work is happening right now on the Ordsall Chord Project very close to us right now. They reached a significant milestone last week, when the iconic arch for the bridge was lifted into place.

There are major passenger benefits being delivered. But there are also huge economic benefits.

Ordsall Chord project economic benefits

The Ordsall Chord project is a great case study to showcase how our Railway Upgrade Plan is delivering jobs and supporting businesses.

It had around 200 people working on it two years ago, and has grown to over 2,000 at its peak at Christmas. The project has supported 15 apprentices and 20 graduates through Network Rail and their suppliers.

To deliver the project Network Rail and their Alliance partners have called upon the skills and resources of over 200 different suppliers. They range from cranes to cleaners and quarries. They are all needed to deliver our Railway Upgrade Plan.

Severfield, the company constructing the arch for the Ordsall Chord is a northern company. The arch and the steel used for it was fabricated by Severfield at their factory in Lostock in Bolton. The project has helped employment in the local area. The main compound has a specialist canteen employing local people as well cleaning and security services.

When complete the Chord, and the wider Great North Rail Project, will provide improved connectivity within Manchester and other cities across the north will boost the local and wider economy. Improved links with Manchester Airport will encourage more people from across the north to fly from there, benefitting the economy.

As part of Manchester City Council and Salford City Council plans, the chord will link with St John's Quarter, a 15 acre development site with offices, homes and hotels in Manchester city centre. It will also link Middlewood locks, a 24 acre new development for homes and commercial businesses in Salford.

Rail is delivering jobs and growth

It isn't just local railway projects that are creating jobs and supporting businesses here in the north. We are in the middle of a major upgrade of London Bridge station, 200 miles away, and the upgrade includes a new roof that was made by companies in Thirsk and Bolton.

Today, I can announce the latest figures showing how many local companies Network Rail's work supports, both here in the North West and across the rest of the UK. During 2015/16, we spent around £7 billion with 3,435 companies across the United Kingdom. Around half of those companies are SMEs. In the North West, our work supported 324 local businesses, with spending of £276 million.

Across the UK, we support an estimated 154,350 jobs. 36,600 people are directly employed by Network Rail, and a further 117,000 have jobs in our supply chain. Here in the North West, 9,300 local jobs are supported by our work. 4,600 through the supply chain and 4,737 directly employed with Network Rail.

Hundreds of thousands of jobs. Thousands of businesses. Billions of pounds. And this is before we consider the wider economic benefits that are delivered through the railway.

Wider economic benefits

We know that rail drives connectivity. Rail links encourage businesses to set up close to the better connections they provide. Due to firms locating in clusters near rail links there are benefits of £1.7 billion sharing of knowledge and technology.

And rail drives productivity. Research by the Rail Delivery Group shows rail enhances the productive potential of the economy by up to £11.3 billion each year.

But a lesser known benefit perhaps is housing. New and improved stations can unlock housing supply, bringing more communities within reach of major urban centres. Network Rail itself is releasing land for 3,600 new homes in Manchester and the north, and up to 12,000 across the country.

And let's not forget about freight. Freight trains deliver £30bn of goods every year, all over the UK, taking 7.6m lorries off the road. They help get products to supermarkets and aggregates delivered for housing developments.

Faster rail connections are playing a key role in transforming the north's economy. But I think there is more that we could do.

How do we maximize the benefits of rail investment in the north?

It is right that the north is finally being recognized as a powerhouse. And it is great that we are seeing record levels of rail investment, with the jobs, skills, growth and productivity that it drives.

But we are continuing to face some pretty serious challenges. Rail passenger numbers are growing by 6% a year, set to double again in the next 25 years. The population in the UK is predicted to grow by 10 million by 2030, with most of that growth in cities. Just look at the forecast increase in passenger numbers across the North over the next 15 years. We need to plan now for the future.

And we need to plan for a world where public funds are tight. It is becoming clear that the railways cannot continue to rely on government funding as we have in the past. We've seen innovative funding models in London pay for Crossrail 1 – could we do the same here? We need to bring together big business, city planners and infrastructure providers to think creatively about how we can drive regeneration across the North through rail investment.

We have seen some fantastic station-led regeneration in recent years, from King's Cross in London, New Street in Birmingham and Waverley in Edinburgh. Now it is Manchester's turn. I am co-chair of the Manchester Piccadilly Joint Board, which is bringing together Network Rail with HS2, Transport for the North and Manchester City Council, to plan and drive the regeneration of the whole Piccadilly area through the transformation of the station. It is seriously exciting stuff.

And I want to see the same in Crewe. Crewe is already strategically important on the rail network. The arrival of HS2 brings a real opportunity to build a fully integrated transport hub, and in doing so, transform the whole area. Network Rail is working with HS2 and the local LEP to do exactly that, joining up road and rail investment to make Crewe a vibrant industrial heartland once again.

Rail is helping to drive the renaissance of the North and it is fantastic to see. My challenge to you is what more do we need to do? How do we maximize the benefits of rail investment in the North? What do we need to do differently? And possibly most importantly, how do we go about bringing third party funding into the railways?

There is no doubt we need to be bold in our thinking and now is the time to do it, as we head into a new funding cycle, looking ahead to 2019 and beyond.

I look forward to our discussion.

Thank you.