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May 2015

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Greater London gets far more Government capital investment than the rest of the country

Are we on the right **track?**

Former public sector chief Andrew Harris warns that the HS2 high speed rail link is likely to benefit London more than our region

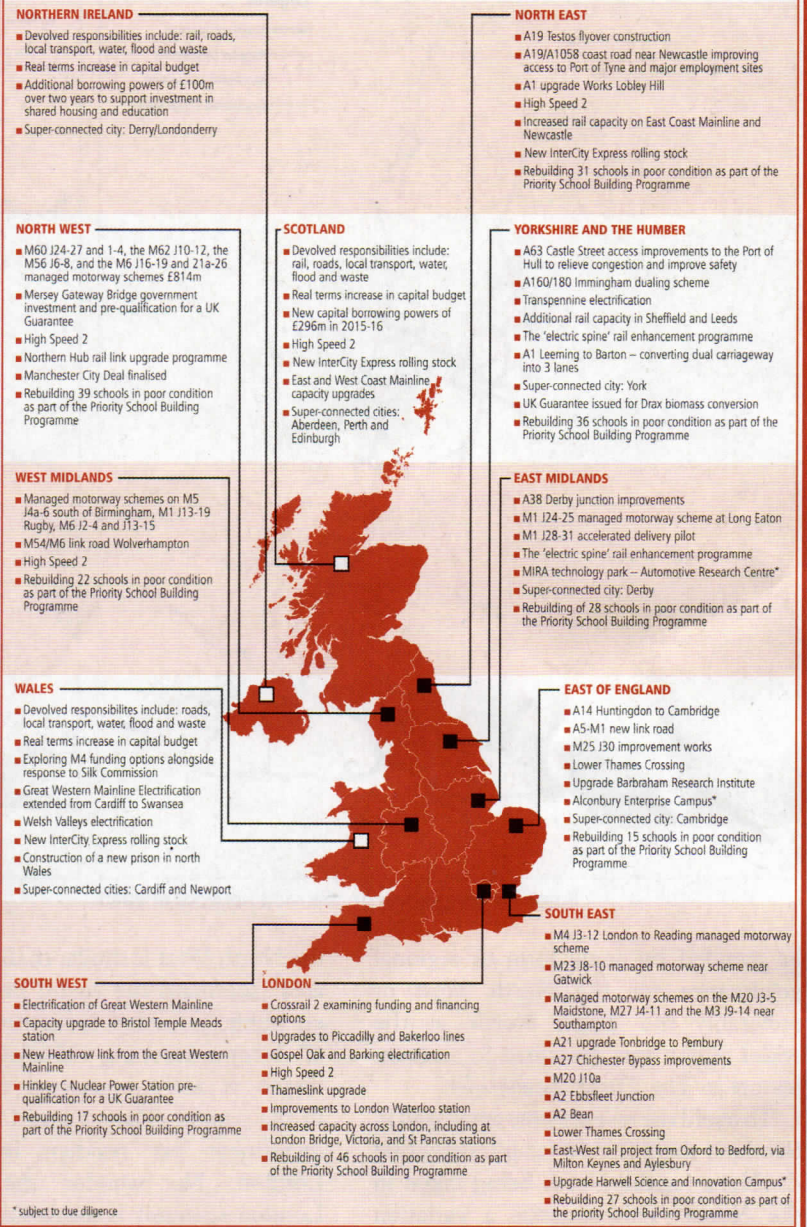
We can be proud of our regional economy. In recent years gross disposable household income per head in the North West has been growing at the second fastest rate (after Greater London) of all the English regions. Despite this we hope to do better and match the economy of London and the South East – but is this a case of ‘be careful what you wish for?’

The ‘flagship’ project to bring this about is the High Speed Railway HS2. If built this will reduce the Manchester to London journey time from 128 minutes to just 68 minutes from 2030 or 2032. Although this will be tremendous for shopping and visits to London theatres the economic justification is supposed to be slashing lost business time en route and better access to the London and south east market for Northern companies. Unfortunately at least three contrary results are more likely:

BELOW: An artist's impression of the HS2 train
 RIGHT: Long-term capital investment, image
 Department for Transport



Figure 1.A: Long-term capital investment



• Firms in London and the south east will gain better access to the North. A 2012 study by Professor Henry Overman of the London School of Economics and the Spatial Economics Research Centre (SERC) concluded that 'reducing transport costs between the south and the North) may actually increase disparities not reduce them. Certainly the evidence on the direct benefits suggests that these (will) flow disproportionately to London and the south east.'

• The same study revealed that that the benefits – estimated at around £47 billion – are overstated because they are partly calculated by turning time savings on HS2 into money by 'valuing' the time that people would save. This 'assumes that people are unproductive on trains.' If you look and listen on your next trip you will be reminded that this is far from true.

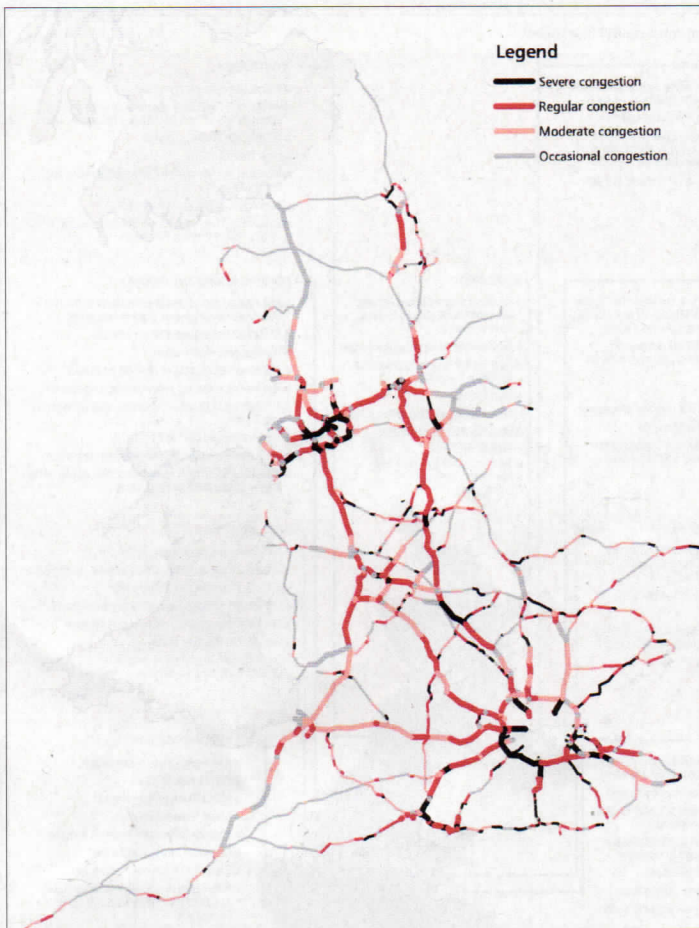
• The fastest rail service from the North to London is currently from Doncaster and takes about 100 minutes. There is no evidence that this has improved the local economy as Doncaster remains a relatively poor borough.

HS2 is likely to make most of England even more London-centric by extending commuting which will relieve the south east of some housing pressures by moving them North. The ultimate test of HS2 is whether the likely cost of £50 billion at present values could be better invested elsewhere. If the funds were split between the Midlands and the North each could invest in their own 'Crossrail' system to create 'counterweights' to Greater London. The population of the four metropolitan areas in the North matches Greater London but occupies 3.5 times the land area – so there is a greater need for

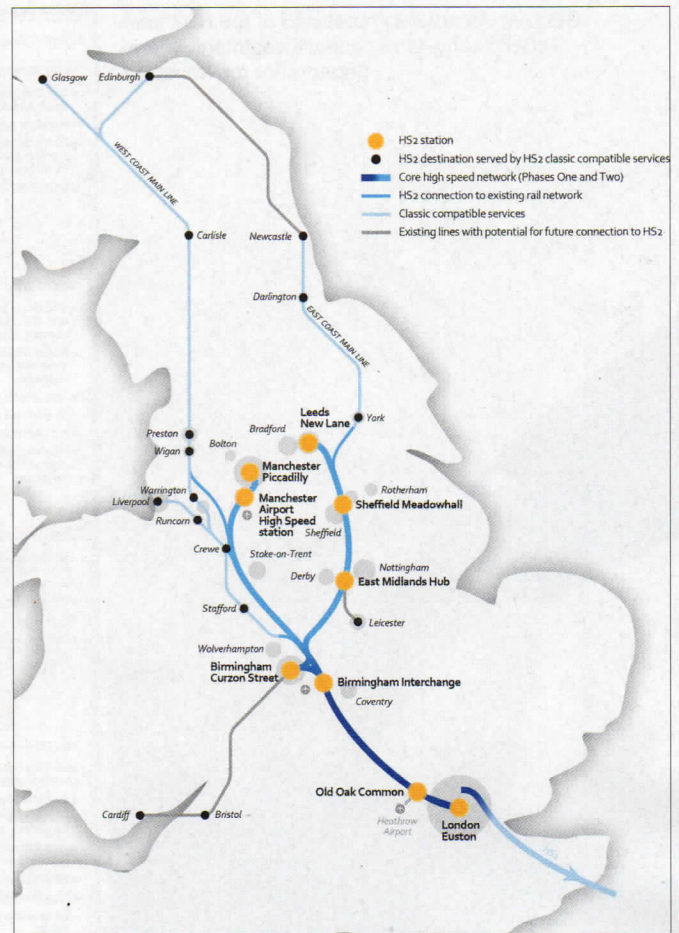
connectivity. The 85 miles of Crossrail would suit us nicely as Liverpool, Sheffield and Leeds, for example, are respectively only 34, 39 and 44 miles from Manchester.

HS3 has been suggested as a way of improving the Northern economy. It involves 125 mph trains in the image of HS2 but speed isn't everything and there are places to serve other than four or five of the main Northern cities. If trains were more modern (post-Pacer) and frequent and the route maps looked more like a surface version of the London Underground then a 'Northern powerhouse' could become a reality.

Government offers 'City Deals' which promise some welcome devolution and a much-needed incentive for clusters of local authorities to work together. They will also, however, create a series of 'fiefdoms' with the usual conflict between them which can only ►



Forecast congestion on the road network in 2040



The proposed HS2 rail network

be avoided by some form of regional governance for the North West or preferably the 'Super North' as the wider region was described in a recent feature in The Times newspaper.

To avoid the resentments expressed in Scotland there is case for infrastructure decisions for the North being taken in the North. This suggests a variation of the Barnett formula (which shares public expenditure between the four UK countries) to allocate capital expenditure and enable our region to invest in the best possible transport solutions within the region. A comparison with the level of investment in Greater London is interesting.

Greater London is a tremendous success story but a major factor is the level of public capital investment compared to the rest of the country. New analysis reveals that Crossrail is earmarked to receive NINE times more funding than all the rail projects in the North's three regions combined! A more extreme differential is that Greater London gets TWENTY-FOUR times as much spent on infrastructure per resident than North east England! Although projected traffic congestion in

the North West is similar to the London area (see map) the spend per resident on publicly-funded infrastructure (net of decommissioning Sellafield) in our region is £599 compared to £5,426 in the capital. That is just 11% of the investment per resident in Greater London. No wonder the Greater London economy is successful!

Since the 1970s there has been much talk about decentralising the Civil Service to benefit the regions – and make it more likely that civil servants can afford a house. It can also make governance more affordable as a recent report in 'Civil Service World' revealed that: 'Moving half of London-based civil servants away from Whitehall could save taxpayers billions by 2030. It costs £35,000 per year to base someone in the Ministry of Defence Whitehall headquarters compared to £3,000 at the UK Visas and Immigration offices in Croydon.' Sadly, the report does not give figures for moving beyond the London suburbs!

With the political fallout from the Scottish independence referendum as the catalyst many powerful groups are now calling for a meaningful

devolution of power to Northern England. Political parties appear to be listening but the need is for different locations and interests to speak with one voice. Whether intended or not current proposals for City Deals, and the like, have a 'divide and rule' result which weakens our regional voice. The result of the referendum for an assembly in North East England suggests that people don't want an additional tier of government. With Greater Manchester and Merseyside Councils long-gone, Cheshire County Council recently-gone and Blackburn and Blackpool putting holes in Lancashire perhaps it is time for unitary councils to become the norm?

A combination of the example of Scotland, a devolution agenda, a new government in prospect and a possible choice of major infrastructure projects could transform our region. The question is: do we want to transform it?

♦ **Andrew Harris FRICS FCIM has been a public sector chief officer dealing with economic development in the North West which he has represented in Brussels. ■**