Civil Engineering Contractors Association

Rebalancing the economy: The North

ceca
About CECA

The Civil Engineering Contractors Association (CECA) is the representative body for companies who work day-to-day to deliver, upgrade, and maintain the country’s infrastructure. With more than 300 members based across eight regions, CECA represents firms who together carry out an estimated 70-80 per cent of all civil engineering activity in the UK, in the key sectors of transport, energy, communications, waste and water.

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Executive Summary

Introduction

1. This report has been prepared by the Civil Engineering Contractors Association (CECA), the representative body for those companies who build, maintain and upgrade the UK’s infrastructure.

2. CECA believes that substantial underinvestment outside London and the South East is a key cause of everyday challenges on regional road and rail networks. This contributes in the long-term to reduced business investment, growth, and productivity.

3. CECA is a keen advocate of rebalancing the economy. All nations and regions in the UK must be given the opportunity to substantially profit from economic and business growth.

4. CECA’s research has found that for every 1,000 jobs that are directly created in infrastructure construction, employment as a whole rises by 3,053 jobs. Furthermore, every £1 billion of infrastructure construction increases overall economic activity by £2.842 billion.¹

5. CECA’s report *Rebalancing the economy: The North* sets out recommendations we believe Government must follow if it is to tackle the poor transport infrastructure, inadequate digital connectivity, and skills shortages, that are shackling the potential economic power of the North of England.


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Introduction

The North of England has enormous potential to secure the UK’s economic growth. But when our best and brightest talent is looking for first jobs, and to put down roots, all too often this happens in London and the South East, tempted by better opportunities and higher salaries.

Yet as the cost of living in and around the capital rises, the strains on the system are starting to show.

We believe that all parts of the UK will benefit if the North of England is invigorated, tilting the scales back towards a more balanced economy.

To this end, the Civil Engineering Contractors Association has worked with our members and key local bodies and organisations in each region to identify how infrastructure can play a key role in addressing this imbalance.

This publication, focusing on the North of England, is the first step in our policy work to enable each region of the UK to thrive via the delivery of world-class infrastructure.
The North

The North of England is home to thousands of businesses that are growing on the back of innovation, exports and work in new markets. This is acting as a draw for private investors, who want to play a part in this story, putting money into projects and companies across the North.

Leading universities underpin this growth with ground-breaking research, while the North can also boast world-class cultural and tourist attractions.

Yet despite these strengths, the North of England struggles to keep pace with London. Gross Value Added per person in the North is just half that of London.

Factors acting as a barrier to growth include poor transport infrastructure and digital connectivity combined with skills shortages. The reduction in public sector jobs has also taken its toll, while uncertainty over the strength of the economy and the impact of the UK’s decision to leave the European Union also play a part. Furthermore, the North of England suffers from a lack of continuity in its infrastructure pipeline, making it harder for firms to invest in skills for future growth.

Over the past few years, political attention has focused on growing the economy of the North. It is vital that these initiatives are now pushed forward to harness the potential economic power of the North. We believe that world-class infrastructure plays a vital role in enabling substantial economic growth, making regions more attractive to live, work, and establish and expand enterprise.

This report focuses first on a series of cross-northern policy recommendations, before addressing specific challenges in Yorkshire and The Humber, the North West and the North East.

During our research, CECA members clearly identified improved connectivity as key to rebalancing the economy and thus this report highlights road, rail and digital infrastructure. At the same time CECA recognises that these alone are not enough and must be supported with investment in energy, water and housing.
Cross-northern challenges

**Investment & Governance**

The North of England has suffered from underinvestment for decades. With Government resources extremely tight, it is imperative that all regions - led by the voice of enterprise - work together to make case for infrastructure investment, driving forward maximum efficiencies.

CECA recommends:

- Elected representatives and public authorities to collaborate across each region and across the North of England to deliver improved infrastructure for all via commitment to a 25 year Northern Infrastructure Plan, which includes a plan for integrated transport across the North.

- Devolution of borrowing and revenue raising powers to key regions.

- Transport for the North to receive statutory footing as soon as possible to ensure confidence in the Strategic Transport Plan for the North.

- Transport for the North, working with local partners such as CECA, to co-ordinate the investment and development of all major transport projects, to ensure the prioritisation and efficient delivery of the right infrastructure and the management of supply and demand between projects.

- Transport for the North to have similar powers in the long-term as Transport for London to enable it to raise its own private finance in line with Government’s aspiration to secure private investment in transport alongside central government funding.¹

- Full Government commitment to the Northern Powerhouse Rail programme with emphasis on the upgrade of the trans-Pennine route to support passenger growth and freight needs, linking the major ports in the North.

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¹. *How we are funded*, Transport for London, [https://tfl.gov.uk/corporate/about-tfl/how-we-work/how-we-are-funded](https://tfl.gov.uk/corporate/about-tfl/how-we-work/how-we-are-funded)
Digital Connectivity

The roll-out of 5G in the next decade will result in seamless connectivity in data transmission. It will especially benefit the North, attracting further business and social growth.

CECA recommends:

UK Government to prioritise the UK’s digital future and commit to early 5G roll-out in the North from 2020. This will provide both digital connectivity for business but also enhance the provision of smart ticketing across the region.

Mobile coverage Universal Service Obligation to be introduced to ensure all regions of the UK can access a minimum level of service by 2025.
Encouraging Future Growth

Each northern region benefits from excellent universities, clusters of enterprise expertise, lower living costs, natural beauty, vibrant urban centres and a willing and ready workforce. However, these attributes are sometimes overlooked by businesses looking to expand and investors both UK and foreign investors.

CECA recommends:

UK Government to enable businesses relocating or expanding to the North of England to benefit from a preferential 17% rate of Corporation Tax two years ahead of the Government’s planned reduction to 17% by April 2020.
Addressing The Skills Challenge

Government must work with industry to determine exactly what skills are needed to deliver the infrastructure of the future.

As with all areas of the country, one focus needs to be ensuring that appropriate apprenticeships are approved and made available for the construction industry, following the introduction of the Trailblazer programme and the Apprenticeship Levy.

Our industry has always been at the forefront of apprenticeships, and we need to ensure that these changes do not negatively impact the recruitment and retention of skilled employees for our sector. We need to work with apprenticeship providers, colleges and employers to ensure that the skills required in upcoming projects are developed and retained.

CECA recommends:

Reform Local Procurement

In 2016, CECA published a report looking at opportunities to reduce wastage within infrastructure procurement. Its recommendations aimed to streamline the process, saving time and money for both customer and contractor.

The recommendations below build upon this work, looking specifically to address the challenges faced by CECA members in the North of England.

**CECA recommends:**

- Use of open procedure to be proportionate to project value.
- Greater use of restricted tender process to reduce wastage.
- Local authorities to collaborate to deliver greater efficiencies and more outcome focussed construction projects focusing on asset performance.
- CECA to work with customers and members to maximise the effectiveness of frameworks.

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2. CECA Procurement Report, November 2016. [http://www.ceca.co.uk/media/246624/ceca-procurement-report-2016-master-for-upload.pdf](http://www.ceca.co.uk/media/246624/ceca-procurement-report-2016-master-for-upload.pdf)

3. CECA's Procurement Group will be undertaking a research project on this in 2018.
Address Regional Pipeline Challenges

CECA welcomes the publication and regular updates of the National Infrastructure Pipeline and the establishment of the National Infrastructure Commission acting as an advisory authority to the development of world-class infrastructure to 2050.

However, challenges remain within the pipeline for regional projects.

CECA recommends:

Regional project pipelines or mapping processes to be made publicly available and integrated with the National Infrastructure Pipeline to deliver efficient management of resources.

Regional infrastructure pipelines to specify SME opportunities.

Regional pipelines to facilitate reduced construction time and costs via innovation.

Funding rounds to be lengthened to ensure specific projects can be funded appropriately.
Rebalancing the economy: Yorkshire & The Humber

Introduction
The diverse make-up of Yorkshire and The Humber is one of its key strengths. It is connected with the rest of the UK by north-south and east-west road and rail links as well as three international airports. These key routes however are at the limit of capacity, and many local routes are in urgent need of improvement. Long-term infrastructure investment is needed across the region to ensure further economic growth.

Improving Journeys

CECA recommends:

- Improved links to the east coast ports of Hull, Immingham and Grimsby to support freight growth, hinterland development and support for offshore wind generation.

- Improvements to local road systems for better connectivity with HS2 and the northern rail programme.

- Investment in highways to enhance the public transport offering through high quality bus provision.

- Progression of better east-west strategic road links north and south of the Yorkshire and Humber region to provide greater capacity and ease the pressure on M62.

- Progression of local road schemes in and around Leeds and Bradford for housing and business growth.

- Better local highway connectivity across Kirklees and Calderdale to improve mobility, reduce congestion and support both housing and business growth.
Trans-Pennine Route upgrade Leeds-Manchester including links to Hull.

Rail or light rail link to Leeds Bradford Airport to meet its growth plans.

Reconsideration of light rail for Leeds possibly looking to a tram/train system as in Sheffield.

Additional stations on the rail network to support housing growth and encourage modal shift (as at Kirkstall Forge).

Flooding

CECA recommends:

Flood protection policy to be urgently reviewed to guarantee business and public confidence.
Rebalancing the economy: The North East

Introduction
The northeast of England is renowned as a manufacturing and export hub as well as for its historical industries of ship building and coal mining. However, the legacy of the decline of some of the region’s big employers can still be felt. While productivity has improved by 29 per cent since 2004, it still is lower than the overall UK figure and unemployment in the region is high compared to national figures. Therefore, creating the right conditions to thrive, supporting an increasing population and attracting new growth is paramount.

Improving Journeys

**CECA recommends:**

Upgrade key sections of A1 and dual the road to Scotland to unleash the potential to build on the expansion of housing and commerce in the former mining areas and to improve journey times on key freight and passenger routes.

Upgrade key sections of the A19, notably the Testos / Downhill Lane and North Silverlink in the future to ease journey times around enterprise zones and business hubs and to facilitate the planned growth in Durham and Sunderland.

Build a new crossing over the river Tees to create extra capacity alongside the current A19 crossing and complement upcoming work on the A19 widening from Norton to Wynyard to allow growth on the corridor from Scotch Corner into the Teesside area and to improve safety and journey times in line with Highways England targets.

Improve east-west connectivity on the A66, including better access to Teesport and a bypass around Darlington to enable future development of port trade, local commercial investment and better serve east-west connectivity between the energy coasts.

Remodel Darlington station and improve line capacity to support the East Coast Mainline in order to unlock existing capacity constraints and ensure full capacity on the ECML when HS2 is built and also to remove traffic conflicts at the station between regional and national routes.
Upgrade Newcastle Central Station to unlock existing capacity constraints and to support the East Coast Mainline to make it a major hub linking Metro and bus services as well as improving the customer experience.

Upgrade the Northallerton to Middlesbrough /Teesport link to support growth in Tees Valley and Teesport’s freight needs.

Improve surface access to Durham-Tees Valley Airport (to release the potential of the commercial/business park) and Newcastle Airport (to improve passenger and freight access and experience).

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**Encouraging Growth**

**CECA recommends:**

CECA to co-ordinate a working group to identify how Government investment can be complimented by private capital.

Local construction industry to focus specifically on attracting new entrants to build the region’s world-class infrastructure.

Encourage greater weighting on ‘social value’ (economic and environmental) during procurement.
Rebalancing the economy: The North West

Introduction

The north west of England is known for its strong scientific, technological and industrial heritage as well as for its ports and waterways.

Yet, the region also contains five of the ten most deprived towns and cities in England. With a great disparity in wealth, creating the right conditions for all to thrive, and to attract those from outside the region is key.

Improving Journeys

CECA recommends:

Further investment in the region’s highways (fully supporting the Highways England planned improvements), improved local transport and rail links, capitalising on the HS2 stations in Crewe and Manchester (and the potential HS2 links with Liverpool and Warrington).

A Northern Smart Ticketing system to facilitate seamless, contactless transport.

The upgrading of the Cumbrian Coast rail line to facilitate the construction of Moorside power station, West Coast Mining, Low Level Waste Repository, and the National Grid pipeline under Morecambe Bay, plus further development of Barrow’s shipyard programme.

Managing the rapid growth of Manchester and the impact of that upon its existing transport network.

Infrastructure investment is a priority for Warrington, given the impact of the Mersey Gateway, the ongoing development of Omega, and the extensive use of Homes and Communities Agency sites for new housing.
Accessing Investment

CECA recommends:

Replicate examples of privately driven funding such as Media City and L2, such as the investments by BCEGI in Manchester Airport and Middlewood Locks, regeneration of Parkside Colliery, and the Peel Ports developments alongside the Manchester Ship Canal.

It is vital that other parts of the region are not left behind by Greater Manchester. There must be cohesion across Liverpool City Region, and the difficulties faced by rural economies of Cumbria and Lancashire and their two-tier local government structure must also be addressed.