THE NORTH EAST’S MISSING LINK

THE NEED FOR A TRANSPORT BUSINESS CASE

TO DUAL THE A1

FROM MORPETH TO THE SCOTTISH BORDER.

Summary Report published by:

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*“Our visitors cannot believe it is such a shocking road, once you leave Morpeth. It is like a third world country. There should be a major motorway linking the capitals of England and Scotland.”*

*Tourism provider, Northumberland*

Executive Summary

The Dual the A1 Campaign calls on this Government to enable a transport business case of the A1 north of Morpeth to the Scottish Border, in order that the process for upgrading this missing link to a decent 21st century part of the UK’s key road network can be set in motion.

The economic impact arguments are critical to investment in the road infrastructure network to link up the North East of England with Scotland. Completion of the National Road Network to link up the whole of the UK with a minimum of two lanes, is vital for the future of economic growth for the North East and UK plc.

Population numbers for the main North East coastal conurbations of Edinburgh & Newcastle are 1.31 million, and the populations on the North West of Glasgow & Carlisle are 1.27 million. The road connectivity variance however is marked, with the North West coast serviced by the M6-M74 motorways, whereas the North East coast has a poor quality, mostly single-track road to link two of the UK’s capital cities.

The failure of successive governments to invest in the North East has left it struggling to compete for inward investment to the region. This is reflected in the continuing low employment & pay variations with other regions of the UK.

*“The Chancellor’s plan to kick start the economy with a nationwide programme of road and rail upgrades is worth just £5 a head to the North East. George Osborne’s hopes of rebalancing the economy away from London risk failure since the capital will benefit by £2,731 per head over the next four years. The South East attracts spending of £792 per head.*

*London and the South East will account for 84% of planned spending, compared with 6% in the North of England as a whole and only 0.04% in the North East.”*

*IPPR North, December 2011.*

Initial Results from Economic Impact Campaigning

The Dual the A1 Campaign has been talking to businesses in the North East and Scotland in the last few months. Two surveys to date for businesses (over 400 businesses responded) clearly indicate the business community’s need for a decent road link from Newcastle to Edinburgh with a dualled A1.

97% of respondents indicated that the lack of a dualled A1

was a *key barrier to growth* for their business.

The campaign team have recently begun its second, more detailed, review with businesses in the region of the economic impact on their growth and employment prospects. To date 40% of businesses responding believe they would be able to take on new staff if the A1 were dualled (54 SME businesses interviewed to date). The campaign is planning to reach at least 1,000 businesses from across the North East and Scotland, gather their views and stimulate business development thinking. This growing databank will assist in justifying the economic importance to the region of road investment in the A1 to the Department for Transport (DfT).

Sectoral Impacts: Manufacturing

Whilst the North East maintains its credentials as the UK region with the highest level of remaining manufacturing, the lack of fit-for-purpose road infrastructure into Scotland is a limiting factor to maximising potential markets for their distribution of goods.

*“We can only seek out new customers as far South as Durham or up to Dunbar, due to the unpredictability of the A1 for our delivery drivers. We would like to expand and could employ up to 10 more workers if we could reliably extend our markets.”*

*Egg Producer, Belford.*

Service Industry

The reliable movement of workforce across the region and more widely is critical to service based businesses. The dangerous nature of the A1 and its unpredictability in terms of travel times leaves many businesses not maximising their economic potential and avoiding the road completely.

*“As a business based in Cramlington we are ideally placed to expand our business into North Northumberland and the Borders. The poor road network and longer trips this involves as a result have instead pushed us south for expansion plans. We now operate in South Northumberland, North Yorkshire and as far as the North West rather than utilise the A1 to expand North. Should the A1 be improved we would very quickly address our expansion plans.”*

*Commercial cleaning business, Cramlington.*

Tourism

Tourism accounts for over 30% of Northumberland’s turnover. The Campaign is currently working with the local tourism networks to try to identify the opportunity cost of the famously poor-quality road to the development of this key industry for the region as a whole.

*“One of my tourism specialisations is bringing tourism decision-makers from overseas into the Anglo-Scottish Borderland. Because of the inadequacy of the A1 north of Morpeth, I generally omit the cluster of tourism attractions between Berwick and Alnwick and concentrate on the A696-A68 from Newcastle to Edinburgh.”*

*Regional Tourism network.*

Process Industries

The North East is home to over 50% of the UK petrochemical industry and on Teesside has the largest integrated chemical complex in the UK in terms of manufacturing capacity, and the second largest in Western Europe. The region is also home to a large pharmaceutical sector producing 35% of the UK’s pharma manufacturing.

Business leaders want to support innovative science and engineering based business. New sectors such as biofuels and renewables are also developing. There are over 1400 companies in these sectors or in the supply chain in the North East, employing 190,000 people. The sector exports £12bn annually.

These businesses, who aspire to expand both output and market share, ane hampered by their inability to connect with business in Scotland and be on the “main route” for traffic in their sectors moving around the UK. Without dualling the A1 and providing that functional transport corridor, the North East becomes a dead end, reducing prospects for future growth to help the region reduce its reliance on government by creating more good jobs for the long-term in developing industries.

The Argument for the Transport Business Case.

We do not believe that it is possible for the Dual the A1 Campaign to singlehandedly provide all the information which the DfT requires to justify the investment in the road network. A Transport Business Case would contain all the necessary information regarding a proposed scheme investment, and must specifically show whether a proposal:

1. Is supported by a robust case for change that fits with wider policy objectives (the strategic case);
2. Demonstrates value for money (the economic case);
3. Is commercially viable (the commercial case – procurement issues);
4. Is financially affordable (the financial case – accounting analysis);
5. Is achievable (the management case – deliverability assessment).

We therefore call on the Department for Transport (DfT) to set in motion the Transport Business Case in order to:

* 1. Calculate up-to-date costings for the total dualling of the remaining 37 miles of undualled road between Morpeth & the Scottish Border;
  2. Provide Local Authorities & stakeholders (including Chambers of Commerce, CBI, FSB, the new LEPs, UKTI & wider business users) with a formal method to consult with Government on the urgency of dualling the A1;
  3. Pull together the economic evidence, gathered by the Dual the A1 Campaign, and other business networks invited to consult on the economic impact, from the North East & Scotland, as well as across the UK from freight transporters and wider business;
  4. Answer the Treasury Green Book information needs on the impacts of such an investment for the North East in terms of wider public policy objectives, from rebalancing the economy to stimulating investment in private sector growth;
  5. Protect the preferred route identified in the A1 Modal Study of 2002 from development risks;
  6. Invest urgently in the two worst black spot sections of the remaining single carriageway for the reduction of deaths and serious accidents;
  7. Prepare a planned roll-out, section-by-section, of A1 dualling in line with Government financial resources over the medium term.

THE STRATEGIC CASE

Creating Jobs

The North East of England has the worst unemployment statistics in England, at 11.2% (UK average 8.2%). This continues to reflect a lack of investment from new and existing business, due to poor infrastructure links. Whilst the Treasury is assisting the region with Enterprise Zones(EZ), bringing in new investors into these EZs is made much more difficult by the lack of integrated transport links, particularly the poor road network into Scotland via the A1.

Rebalancing the Economy

Government talks about the need to rebalance the economy from the South to the North, investing in the medium term to underpin the productive capacity of the UK as a whole in the long-term. The North of England has capacity for growth in terms of housing and population densities. However, business investment will remain low unless a road network is in place which can meet freight and worker transportation needs in the years ahead.

*“£200bn of investment is required in the next five years to upgrade our infrastructure, to meet demand and to ensure that the UK remains an attractive place to invest. There are [several] major road projects which should be considered for investment ….including improvements to the A1 in the North East”.*

Letter to George Osborne MP from John Cridland, CBI Director-General, 24.10.11.

Creating better wage rates

Wage rates in the North East are still the lowest in England, and whilst this should draw businesses to the region, the poor infrastructure is a disincentive to investment. Gross disposable household income for the NE was £13,300 per head in 2010, 15% below the UK average, and the worst of the regions.

There is an ongoing skills gap in the market for technically skilled workers, and this downward spiral will continue unless Government can assist in giving the North East a decent 21st transport infrastructure for business to rely on. Businesses need to know they can grow their markets in order to provide stable long-term jobs. The mobile workforce of today will always move if there is greater certainty elsewhere.

Widening Markets

The North East has the highest Gross Value Added (GVA) of the UK, with exports at 29% (national average: 20%), but from a very small total output. North East port authorities have told the campaign that the limitations of the road infrastructure network and its poor reliability are disincentives to seeking new markets to & from the Scandinavian countries in particular, and wider international markets beyond Europe. At present 55% of North East exports are to EU countries.

Improving Health & Life chances

Fuel poverty in Berwick-upon-Tweed is the highest in the whole of the UK at 36.5%, with the North East at the top in regional terms (Data: DECC sub-regional fuel poverty levels 2009). This data is no longer being collated by DECC, and the recession may have made the problem significantly worse still.

It is clearly necessary to open up business investment opportunities into the North East, providing road infrastructure investment to ensure that areas such as Berwick-upon-Tweed can genuinely reach out to private sector investors. The 27 miles of single track road north of Alnwick to the Scottish Border actively disincentives any inward investment.

At a local level, existing businesses in Northumberland continue to struggle with growth due to the failed infrastructure. Statistics from the Highways Agency show a marked drop of 30% in daily traffic volumes north of Alnwick, indicating a lack of economic activity and connectivity into Berwick & Scotland using the A1.

A failure to invest in this stretch of undualled road will continue to drive business investment away from Northumberland, the wider North East region and Scotland, leading to poorer life chances for another generation. The region is already struggling at the bottom in every statistical analysis, and needs to be supported by Government in providing the basic infrastructure tools for entrepreneurs and investors to use a base from which to build a better economic future.

THE ECONOMIC CASE

The value-for-money calculation for any investment by Government into dualling the A1 needs to be reviewed in qualitative as well as quantitative aspects, looking at:

1. Direct impact on the measured economy;
2. Environmental impacts;
3. Social impact;
4. Distributional impact.

This work was done, in part based around safety, for the Department for Transport in 2002 by ARUP (see below), and the outcome of that Transport Review was that there was a need for dualling, with recommendations that the 13km from Morpeth to Felton and the 2.2km Adderstone to Belford single carriageway stretches needed immediate investment to dual carriageway standard, to reduce the unacceptably high levels of serious and fatal accidents at these black spots.

NONE OF THESE RECOMMENDATIONS FOR URGENT INVESTMENT HAVE BEEN

PUT IN PLACE IN THE LAST 10 YEARS.

The ARUP Report concluded at that time that there was not an adequate justification on economic grounds to dual the whole of the remaining undualled A1, but that if:

1. Scottish Government would commit and progress to completing dualling of the A1 in Scotland, and
2. The A1 south of Newcastle were to be upgraded to motorway standard road,
3. Changes in traffic flows and accident rates,

then the Department of Transport should review the need and accrued benefits of dualling the remaining stretches of the A1 from Morpeth to the Scottish Border.

POINTS TO CONSIDER:

1. Previous governments have failed to significantly invest at all in the A1 North of Morpeth, even on those two dangerous stretches of road.
2. The statistics on serious and fatal accidents have not improved, and The Dual the A1 Campaign believes that the road has seen more serious & fatal accidents in recent years.
3. The Scottish Executive has started dualling parts of the A1 from Dunbar to Berwick-upon-Tweed, and we know have a continued willingness to do so if the English side of the Border would start to do likewise.
4. The A1 South of Newcastle has now been brought up to motorway standard, with a minimum of two lanes, and three (or even four) lanes on most of the A1 all the way to London.

With this clear change in the North East’s circumstances since the ARUP Report was produced in 2002, we believe that it is vital for a Transport Business Case to be set in motion. Much greater resource into roads has been made since 2002, and it is time that the A1 North of Newcastle gets the urgent investment it needs now that those ARUP criteria have been met. The North East must not be left behind.

DIRECT IMPACTS ON THE ECONOMY

The Dual the A1 Campaign is currently working with businesses across the North East and South East Scotland to assess the potential impacts on jobs & turnover that a fully dualled A1 would lead to. There is a lack of growth and investment in the North East, and clear limitations on expansion of existing businesses because of the poor road infrastructure.

In the 2002 ARUP Report, three key justifications against economic benefit arising from dualling were given to support the conclusion that full dualling was not considered economically necessary:

1. *“Maritime freight does not comprise a significant proportion of traffic between the North East and Scotland and in not expected to do so in the future”. (Scott Wilson ARUP A1 Multi Modal Study May 2002: p.27)*

In recent discussions with Port of Tyne (which has changed out of all recognition from the business which it was in 2002), the Dual the A1 Campaign has discovered that the A1’s limitations going North are an active challenge for their logistics teams in terms of freight movements, and for the sales teams looking to find new markets, access into Scotland being unpredictable is proving to be a limiting factor for providing European businesses with the confidence they need to move goods through Tyneside.

1. *“There is no expectation of substantial industrial development adjacent to the A1 North of Newcastle that would justify upgrading the road” (2002, ARUP Report p.27)*

The budget 2012 has created Enterprise Zones in North Tyneside and Blyth, both North of Newcastle, with the hope of bringing in thousands of new jobs and growing the North East economy. Both of these areas will be disadvantaged by poor interconnectivity with Scotland, and this is a risk factor to successfully gaining inward investment into this deprived and high unemployment area of the North East.

1. *“The A1 is not the preferred route for hauliers between the North East and Scotland” (2002, ARUP Report p.27)*

The Dual the A1 Campaign is in discussions with haulage firms across the North East and is starting to meet with national haulage business leaders. Hauliers tell us that the reason for the reason given in ARUP’s report is in large part due to the unpredictability of traffic movements from Newcastle to Edinburgh on the A1.

In the last few years, there has been a marked increase in freight haulage using the A697, a single track A road which goes through small rural villages in North Northumberland to Scotland. The impact of this diversionary traffic has led to crumbling road surfaces and disturbance to small villages. Lorry drivers tell us that the A697 is quicker than the A1 and this is why they use it.

Detailed work needs to be undertaken with haulage firms’ logistics managers to identify the extent of use of alternative roads due to the poor A1. This is one of the pieces of work which our campaign volunteers plan to undertake in the months ahead.

ENVIRONMENTAL IMPACTS

The work (described above) to discover how far haulage firms travel to avoid the A1 is important in getting a clearer picture on the potential unnecessary CO2 emissions being generated by freight travelling further (via M6/M74, or A697) to avoid using the unpredictable and unsafe A1 from Morpeth to Edinburgh.

SOCIAL IMPACTS

Safety:

The safety record of the A1 North of Newcastle is poor. Regular users of this road tell us constantly of its dangerous driving conditions. The Dual the A1 Campaign did extensive analysis of the accident statistics in 2009, and concluded (with the support of the Emergency Services) that the data told a clear story about driver frustration & dangerous overtaking caused by the poor layout of the road, and the long stretches of single carriageway road which lead to far too many serious and fatal accidents. The campaign is presently working on further analysis of the overall costs of accidents to Government as a whole, from emergency services call out cost to repair work and closure of the road.

Impact on Emergency & Care Service Provision:

*“The unpredictability of the A1 increases the time it takes us to deliver Home Visits to CAB clients who are disabled, affected by cancer etc. It restricts the number of appointments we can make in a day and, especially during summer & harvest time, increases stress of volunteers and paid workers who have to use it. We have no choice we can't use public transport for so many places.” Berwick CAB Manager*

Opportunity Cost of Not Building a dualled A1:

The value-for-money assessment made by the DfT on whether investment should be made in dualling the A1 needs to consider the loss of economic growth potential and employment of the North East workforce for the next generation if this road is not dualled.

In a fast-moving and changing world, accessibility to & reliability of transport infrastructures are critical to economic success. If the North East region cannot compete with the rest of the UK and the international markets, investment will simply not come into the region to grow our small economy.

The impact of this failure will be to maintain the North East as the region with the highest unemployment, there will continue to be a lack of jobs for our bright young minds and we will see the on-going loss of our future business leaders to other regions or nations. The North East has a thriving entrepreneurial network, but it needs to be able to grow its businesses and we want to see these stay in the North east.

For future business growth to be assured, the improvements to basic road infrastructure is a key factor which will contribute to – or limit – the North East’s future success.

We believe that this Government is keen to see regions such as the North East and Scotland become economically independent, rather than remaining dependent on the state for its continued survival. To help achieve this, Government needs to invest up front in the infrastructure so that the North East is on a level playing field with the rest of the UK.

DISTRIBUTIONAL IMPACTS

In order to assess the potential distributional impact of any investment into the A1 road infrastructure, it is important to assess the actual cost of investment. There are no up-to-date figures on this, due to the decision by DfT to create Regional Transport Boards in 2004, to which the A1 north of Newcastle was allocated. As a result, no detailed work has been done on costings for over a decade.

The costing of the dualling of the outstanding single-carriageway sections of the A1 north of Newcastle is a key piece of work which needs to be updated in order to assess the impact of this investment.