

**Manchester City Council  
Report for Resolution**

**Report to:** The Executive – 18 October 2023

**Subject:** High Speed Rail 2, Northern Powerhouse Rail and ‘Network North’ Update

**Report of:** Strategic Director (Growth and Development)

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**Summary**

This report informs the Executive about the recent announcement by the Prime Minister to cancel the new railway infrastructure proposed between Birmingham and Manchester, as included in the High Speed (Crewe – Manchester) Bill (known as ‘HS2 Phase 2b’). It also sets out the key projects relevant to Greater Manchester and the city, described by the Prime Minister and included in the recently published Government paper, *Network North*. It outlines the key implications which arise from the announcement of cancelling HS2 Phase 2b, and sets out proposed next steps.

**Recommendations**

The Executive is recommended to: -

- (1) Note the Government announcement to cancel the infrastructure proposed under the High Speed Rail (Crewe – Manchester) ‘Phase 2b’ hybrid Bill.
  - (2) Note the Government announcement to invest 36 billion in road, rail and bus projects across the North, Midlands and South (including Scotland), called the “*Network North*” project.
  - (3) Request Officers to produce a Strategic Plan on rail & other public transport infrastructure asks within the context of *Network North* for further consideration by the Executive.
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**Wards Affected:** All wards.

**Environmental Impact Assessment** - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

High speed rail offered significant potential to encourage a modal shift away from car use in the medium-long term, both on the new high speed rail services, and from creating significant additional capacity on the conventional railway, encouraging both long and shorter-distance trips by rail.

Whilst some rail improvements are proposed under the Government’s *Network North* proposals, these fall significantly short of the new high speed north-south and east-west

rail links proposed under the full HS2 and Northern Powerhouse Rail (NPR) schemes. The details available so far do not include any improvements to rail freight capacity north of Birmingham (although Phase 1 of HS2 could enable more freight capacity between Birmingham and London), that could have enabled more freight to be transported using rail in the North. In addition, the proposals include a number of road improvement initiatives.

The investment planned under HS2 at both Manchester Piccadilly and Manchester Airport HS2/NPR stations provided the potential for new facilities for public transport connections to support the integration of the transport network in Manchester, as part of the wider integration of transport for Greater Manchester and across the North.

There is, therefore, a risk that the proposals will fail to substantially increase travel using rail and other public transport modes and will maintain or increase road-based journeys for both individuals and goods, and will therefore fail to contribute to reducing carbon emissions in line with MCC's policy to become a zero-carbon city by 2038 and fail to support the draft Clean Air Plan for Greater Manchester.

**Equality, Diversity and Inclusion** - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments

The HS2 Phase 2b Bill included a full Equalities Impact Assessment. However, we are not aware of an EqIA having been produced for the cancellation of the project and the Network North proposals. It is currently unclear what the impacts will be on Protected Characteristics Groups (PCG's).

There is the potential for some improved connections to local communities, by rail, bus and car arising from Network North. However, there will also be a loss of strategic rail connections, jobs, training opportunities and economic growth, which will impact our residents.

<b>Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS/Contribution to the Strategy</b>
<p>A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities</p>	<p>HS2, together with NPR, would have supported business development in the region, and provided a catalyst to driving further investment into Greater Manchester. The proposals for HS2/NPR stations at Manchester Piccadilly and Manchester Airport provided major opportunities for stimulating economic growth and regeneration in the surrounding areas. These benefits will be lost or significantly reduced by the cancellation of HS2 and the lack of clarity around NPR. It will reduce investment in the city and city region, both directly from HS2, and from potential reduced investor</p>

	confidence from the ending of the scheme.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The high speed rail network, and the additional investment and regeneration arising from it, would have contributed towards the continuing economic growth of the city, providing additional job and training opportunities, at a range of skill levels, for residents, both during construction and in the longer-term. A Greater Manchester High Speed Rail Skills Strategy had been developed, to maximise the investment, and to best enable residents to access the opportunities created. These benefits will be lost or significantly reduced by the cancellation of HS2 and the lack of clarity around NPR.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The addition job, training, growth, local connectivity and leisure benefits anticipated from high speed rail will be lost or significantly reduced by the cancellation of HS2 and the lack of clarity around NPR.
A liveable and low carbon city: a destination of choice to live, visit, work	<p>HS2, and NPR, would have enabled the provision of further improved public transport and freight capacity, through the capacity released on the classic rail network. If aligned with Greater Manchester's plans, better integration with other transport modes at Manchester Piccadilly and Manchester Airport would have encouraged more public transport journeys and placed less reliance on road travel. It would also have supported the planned regeneration and development around Piccadilly and the Airport.</p> <p>There is a risk that the Network North proposals will fail to substantially increase rail travel and other public transport modes and will maintain or increase road-based journeys for both individuals and goods. As such they will fail to contribute to reducing carbon emissions in line with the policy to become a zero-carbon city by 2038 and</p>

	fail to support the draft Clean Air Plan for Greater Manchester.
A connected city: world class infrastructure and connectivity to drive growth	<p>HS2 and NPR were anticipated to bring a step change in rail connectivity both across GM and to the rest of the UK. HS2 and NPR would have radically enhanced north-south and east-west connectivity between the country's major cities, which would have increased labour market accessibility, opened up new markets for trade and stimulate economic growth, as well as better connecting people to job opportunities, contributing to levelling up the North.</p> <p>The city's plans for Manchester Piccadilly and Manchester Airport Station would have provided world-class transport interchanges that could act as gateways to the city and city region.</p> <p>These benefits will be lost or significantly reduced by the cancellation of HS2 and the lack of clarity around NPR.</p>

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

### **Financial Consequences – Revenue**

The Council has spent considerable resources in terms of staff time, technical consultancy support, and associated expenses from work on the HS2 Phase 2b schemes. This work has included scrutinising HS2 Phase 2b plans and designs; responding to Government consultation; petitioning the Phase 2b Bill; negotiating and seeking agreements with HS2 Ltd. on petitioning points; and appearance at the HS2 Phase 2b Bill Select Committee.

Further staff time, and potential technical support, will be required from Council departments such as Planning, Highways, Environmental Health and Neighbourhoods, to scrutinise, and understand the full implications of the Network North proposals and to liaise with Government accordingly.

### **Financial Consequences – Capital**

None directly from this report.

## **Legal Considerations**

The *Network North* paper states that the Government would review the existing legislation currently before Parliament and will report the next steps to the House of Commons. We are seeking further details and advice on the parliamentary process given that the Phase 2b hybrid Bill is currently passing through Parliament.

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### **Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

- Report to Executive 27 June 2018 – Manchester Piccadilly Strategic Regeneration Framework Update 2018
- Manchester Piccadilly Strategic Regeneration Framework 2018
- HS2 Working Draft Environmental Statement 2018, available at: <https://www.gov.uk/government/collections/hs2-phase-2b-working-draft-environmental-statement>
- Report to Economy Scrutiny 7 November 2018 - HS2 Working Draft Environmental Statement (WDES)
- Report to Executive - 12 December 2018 - HS2 Working Draft Environmental Statement (WDES)
- HS2 Phase 2b Working Draft Environmental Statement Consultation Response of the Greater Manchester Combined Authority 2018

- HS2 Phase 2b Working Draft Environmental Statement Consultation Response of Manchester City Council 2018
- HS2 Phase 2b Design Refinement Consultation 2019, available at: <https://www.gov.uk/government/consultations/hs2-phase-2b-design-refinement-consultation>
- Report to Executive – 11 September 2019 – HS2 Phase 2b Design Refinement Consultation 2019
- HS2 Phase 2b Design Refinement Consultation 2020, available at: <https://www.gov.uk/government/consultations/hs2-phase-2b-western-leg-design-refinement-consultation>
- Report to Executive - 9 December 2020 - HS2 Phase 2b Western Leg Design Refinement Consultation Response
- Report to Economic Scrutiny 5 March 2020 - High Speed North (High Speed 2 and Northern Powerhouse Rail) Update
- Integrated Rail Plan for the North and Midlands (November 2021), available at: <https://assets.publishing.service.gov.uk/media/62389f1ae90e07799cd3de47/integrated-rail-plan-for-the-north-and-midlands-web-version.pdf>
- HS2 Crewe to Manchester: update on the strategic outline business case, published by the Department of Transport, available at: <https://www.gov.uk/government/publications/hs2-crewe-to-manchester-update-on-the-strategic-outline-business-case>
- Report to Economic Scrutiny 10 March 2022 - HS2 Phase 2b Western Leg - Environmental Statement Consultation & hybrid Bill Petitioning Response
- Report to Executive 16 March 2022 - HS2 Phase 2b Western Leg - Environmental Statement Consultation & hybrid Bill Petitioning Response
- HS2 Phase 2b (Crewe – Manchester) hybrid Bill and related documents: <https://Bills.parliament.uk/Bills/3094>
- Report to Economic Scrutiny 21 July 2022 - HS2 Update and Petition
- Report to Executive 22 July 2022 - HS2 Update and Petition
- HS2 Phase 2b (Crewe – Manchester) hybrid Bill Additional Provision 2, available at: <https://www.gov.uk/government/collections/hs2-phase-2b-high-speed-rail-crewe-manchester-additional-provision-2>
- HS2 Phase 2b (Crewe – Manchester) hybrid Bill Additional Provision 2 Supplementary Environmental Statement, available at:

<https://www.gov.uk/government/publications/hs2-phase-2b-crewe-manchester-additional-provision-2-environmental-impact>

- Report to Executive 26 July 2023 - HS2 Phase 2b Update & Additional Provision 2 (AP2)
- Network North: Transforming British Transport, presented to Parliament by the Secretary of State for Transport (October 2023), available at: <https://www.gov.uk/government/publications/network-north>

## **1.0 Background**

- 1.1 High Speed Rail Two (HS2) was the Government's scheme to implement a new high speed north – south railway network, from Manchester to London via Birmingham and Crewe. 'Phase one' will connect London with Birmingham and the West Midlands. 'Phase 2a' planned to extend the route from the West Midlands to Crewe. 'Phase 2b' planned to connect Crewe to Manchester. Phase one received Royal Assent on 23 February 2017 and Phase 2a received Royal Assent on 11 February 2021.
- 1.2 As previously reported to the Executive, the Council is fully supportive of HS2 and Northern Powerhouse Rail (NPR), including the provision of new stations at Manchester Piccadilly and Manchester Airport. However, we have consistently retained a clear position on the need to ensure that the schemes are delivered in a manner that fully complements the connectivity, place-making, local employment, and sustainable growth objectives as set out in the Manchester Piccadilly Strategic Regeneration Framework (2018) (SRF) and the Greater Manchester HS2 and NPR Growth Strategy (2017).

## **2.0 Cancellation of High Speed Rail Two (HS2) from London to Manchester and 'Network North' announcement**

- 2.1 On 4 October 2023 the Prime Minister announced that HS2 would only be built from London Euston to Birmingham (known as HS2 Phase One), and the planned route north of Birmingham, through Crewe and into Manchester would be entirely cancelled. It was further announced that the money allocated to the cancelled sections of HS2 would be spent on other rail, bus and road projects across the country.
- 2.2 Also on 4 October 2023, the Secretary of State for Transport published a paper titled *Network North: Transforming British Transport* (October 2023) which briefly sets out the reasons for cancelling Phase 2a and 2b. The paper proposes alternative schemes across the country which would use the funding identified for the sections of HS2 which would no longer go ahead.
- 2.3 It should be noted that neither the Council nor the Greater Manchester Combined Authority (GMCA) were consulted on the cancellation of HS2 Phase 2a or Phase 2b or the alternative transport infrastructure investment proposals set out in the *Network North* paper.
- 2.4 The Prime Minister confirmed that the original proposals to terminate at Euston Station in London would be retained. However, Euston is to be delivered by a separate development company instead of HS2 Ltd, and instead of a 10-platform termini station, it would be 6-platforms. Land already acquired at Euston would be used for regeneration, potentially offering up to 10,000 homes.



- 2.5 The Prime Minister confirmed that HS2 trains would still run to Manchester, but they would run on existing rail networks north of Birmingham. This means that HS2 trains would stay on the West Coast Mainline (WMCL) when travelling between Birmingham and Manchester at much slower top speeds, while also having to mix with other train services on the already heavily congested West Coast Mainline.
- 2.6 Manchester Piccadilly Station cannot accommodate the planned 400m HS2 trains due to the length of the station. 200m HS2 trains which can carry 550 passengers would have less capacity than existing services today (607 passengers per train). 400m HS2 trains can carry 1100 passengers.
- 2.7 The cancellation of Phase 2a and 2b will add to the existing congestion issues on the West Coast Mainline and there is no information on any potential impacts or disruption on the West Coast Mainline which may result from works required to enable high speed trains to run north of Birmingham.
- 2.8 The issues noted above in combination will have substantial negative impacts on the capacity of the trains and track that HS2 would be able to run on between Manchester and Birmingham, and onto London.

### **3.0 Effects of cancelling HS2 to Manchester and the lack of clarity around NPR**

#### **3.1 General economic considerations and impacts**

- 3.2 The route for HS2 has been defined for many years and successive Governments over the past 15 years. Cross-party commitments to see the project delivered in full have been given, as they realised the significant benefits for the entire country that would be brought by the HS2 scheme.
- 3.3 The HS2 Phase 2b hybrid Bill incorporated two stations in Manchester (Piccadilly & Manchester Airport), and a tunnelled section of line between the two stations, which would serve NPR trains in the future. This means that cancelling HS2 Phase 2b will have implications for the delivery of NPR, and there is a lack of clarity in the *Network North* paper about what would be funded.
- 3.4 The full HS2 and NPR schemes would have made essential contributions to the Government's agenda of 'Levelling Up'. The benefits of HS2 have been consistently set out in the Department for Transport and HS2 Ltd's Strategic Case for HS2.
- 3.5 The Government has yet to publish any detailed analysis of the impact of its rail and transport programmes on Levelling Up. Greater Manchester authorities have considered what would be needed to stop the connectivity gap widening between the North, London and South East.

- 3.6 For context, one third of the gap between wages across the North and the English average as a result of lower levels of connectivity. Even before the Elizabeth Line (dedicated 100km east-west line through central London, costing circa £19 billion) and Thameslink (an approx. 110km major north-south railway line through central London, costing circa £7 billion) are included, connectivity for the average business in London and the South East was 60% higher than for a business in the North. Closing the gap in incomes and opportunity is an essential part of levelling up, but this requires the connectivity gap between London and the North to reduce.
- 3.7 GM's analysis of the potential of growth strategies linked to HS2 and NPR across the four largest Northern city regions showed they could increase employment across these city regions by 30% and improve average connectivity of northern businesses by 60% – enough to increase average wages across the North by 12.5%.
- 3.8 GM's analysis also estimated that the HS2 and NPR programmes (assuming delivery of the original plans in full) could generate a net additional GVA impact for GM of more than £9.0bn p.a. and £24.5bn p.a. for the North as a whole by 2051 (2017 prices) – the latter reflecting a forecast net increase in employment across the North of more than 150,000 jobs.
- 3.9 Integrating HS2 and NPR stations at Manchester Piccadilly and Manchester Airport provided a major opportunity to maximise significant growth and regeneration opportunities at these strategic locations, delivering 96,000 jobs and 16,800 homes, as well as world-class transport facilities. When coupled with the delivery of a new skills strategy and improved transport connections to the stations, the benefits would reach every part of GM, the North, and beyond into the rest of the UK.
- 3.10 One of the ways HS2 helped deliver these strategies was through the impact on the viability of commercial development. The Department for Transport (DfT) January 2022 Update on the Strategic Outline Business Case (SOBC) for HS2 Phase 2b identified figures for Land Value Uplift at Piccadilly and at Manchester Airport of circa £3.3bn and £1.2bn respectively in the period to 2051 as a result of the completion of Phase 2b.
- 3.11 Analysis of TfN's preferred NPR network shows it would deliver close to £5bn in economic benefit, by helping the North operate as a single economic unit, and £14.4bn p.a. in GVA by 2060. It would create a net gain of 74,000 new jobs in the North, and over 57,000 new jobs across the UK as a whole.
- 3.12 Importantly, the existing West Coast Mainline is already at capacity and for decades successive Governments have considered how to resolve this issue to allow an increase in local and freight train services.
- 3.13 In light of the proposed changes, there is now a considerable risk that in the intervening period – before the alternatives to HS2 are delivered - the economic gap widens and therefore achieving levelling up becomes more challenging and more remote – and is likely to cost more – to achieve.

3.14 In addition to economic and levelling up losses, there are also extensive wider impacts as a result of the Government's decision. These impacts include:

- Loss of over a decade's worth of work on the Phase 2b proposals and hybrid Bill which is currently in parliament.
- Undermining existing local Growth Strategies, transport plans and development / regeneration masterplans and frameworks across the north, which have been based on the implementation of the HS2 and NPR schemes. This would mean a delay to, or failure to deliver, the growth, jobs, homes, environmental and connectivity benefits included within these strategies.
- Reducing investor and developer confidence in the UK, and the cities of the North, and damage to the nation's reputation at home and overseas.

### 3.15 **Environmental and equality considerations and impacts**

3.16 As previously stated, the Council has not seen any detail about how the alternative proposals set out in the *Network North* paper have been assessed with regard to their potential environmental impacts including socioeconomic, and if any Equality Impact Assessment (EqIA) has been undertaken.

### 3.17 **Local regeneration impacts**

3.18 The Council has previously approved a number of Strategic Regeneration Frameworks (SRF's) in the area including and surrounding the proposed HS2 and NPR infrastructure, especially around Manchester Piccadilly.

3.19 The current Piccadilly SRF (2018) was developed by the Council to guide the delivery of HS2 and NPR into Manchester city centre and maximise the regeneration and economic benefits of the proposed railway, which was intended to bring a step-change in connectivity not only north-south but east-west.

3.20 Other significant nearby and longstanding regeneration plans include Mayfield, ID Manchester (formerly North Campus), Eastlands SRF's, and Ardwick Neighbourhood Development Framework. The Council has long championed regeneration and expansion of the city centre towards Ancoats, New Islington and East Manchester and many of these areas have already seen significant regeneration delivered in the past decade, in part due to the commitment to build HS2 to Manchester.

3.21 The important contribution that HS2 and NPR would have had in catalysing and supporting regeneration in the city is recognised, and the potential impact/delay on the ability to achieve our full regeneration plans is particularly disappointing. However, the Council remain totally committed to driving forward and supporting continued regeneration efforts, and securing investment in areas surrounding Piccadilly, East Manchester and Manchester Airport.

3.22 As part of the GM HS2 and NPR Growth Strategy, the Council and our partners had developed a High Speed Rail Skills Strategy to help equip our residents and businesses to maximise access to these opportunities. The removal of HS2 Phase 2b will mean the loss of opportunities on this scale.

**4.0 ‘Network North’ Proposals**

4.1 The Prime Minister announced that rail, roads and busses are to receive a share of the £36 billion funding budgeted against the cancelled sections of HS2. The £36 billion is to be invested in alternative transportation improvement schemes across the entire country, including Scotland and Wales. The geographical split of this funding is shown in the below table 1.

4.2 Table 1: Network North Spending Re-Allocations by Region

<b>UK Region</b>	<b>Spending Proposed (Billion)</b>
North	£19.8
Midlands	£9.6
Rest of the country (including Scotland and Wales)	£6.5

4.3 The *Network North* paper states that a £12 billion investment will be set aside to create faster connectivity between Liverpool and Manchester to “allow the delivery of Northern Powerhouse Rail as previously planned, including high speed lines” and the Government would seek to work with local leaders on suggestions for uses of this money to achieve the objectives set out in the paper.

4.4 The Government has heavily caveated that individual projects referenced in its *Network North* paper will be subject to the approval of businesses cases, and cash prices are based on indicative profiling. Additionally, the cash prices stated throughout the report vary from 2019 and 2023 prices and are subject to delivery timelines. Therefore, prices are likely to change, possibly significantly in some cases, and no evidence to support the robustness of the prices has been presented to date.

4.5 The Governments *Network North* paper identified a number of projects which would impact Manchester or Greater Manchester areas. These are set out briefly below, in order of type of project i.e., rail, road and bus. There are also investments which relate to multiple transport modes.

**4.6 Rail investments in the North**

- £3 billion to bring Hull into Northern Powerhouse Rail, electrifying and improving the line speed between Hull to Leeds and Hull to Sheffield which is quoted to reduce journey times from Hull to Manchester by 23 minutes.
- Upgrading and electrifying of lines between Sheffield and Leeds to triple capacity.

- Electrifying the Hope Valley line between Sheffield and Manchester, which is quoted to reduce journey times by 9 minutes and doubling capacity.
- Bringing Bradford into Northern Powerhouse Rail by investing £3 billion, doubling capacity, halving journey times from Bradford to Manchester to 30 minutes.
- £1 billion North Wales Main Line investment which will bring parts of North Wales within an hour of Manchester.

#### 4.7 **Road investments in the North**

- Improving M6 south of Manchester to Birmingham and supporting two projects in the Manchester North West Quadrant (M60 improvements).
- Additional £3.3 billion to tackle potholes as part of a nationwide road resurfacing scheme.

#### 4.8 **Bus investments in the North**

- New Bus Service Improvement Plans funding (£700 million) to enable more buses and more frequent routes.
- The Government will keep the £2 bus fare, which was due to rise, until the end of next year.

#### 4.9 **General transport related investments in the North**

- All six northern city regions will receive 75% more funding to allow improved connectivity in our areas which could pay for schemes such as Metrolink expansion to Heywood, Bolton, Wigan and Manchester Airport (to Terminal 2). This includes £1.5 billion for Greater Manchester.
- The North and Midlands will share £100 million to support the development and rollout of London-style contactless smart ticketing.

4.10 For information we have appended a full list of all schemes across the UK noted in the *Network North* announcement, at Appendix 1.

### 5.0 **Progress of the Phase 2b Bill in Parliament and Next Steps**

5.1 Manchester City Council and the Greater Manchester Combined Authority (GMCA) and Transport for Greater Manchester (TfGM) appeared before the Select Committee in June 2023 regarding the new High Speed Station at Piccadilly, specifically our request for consideration of a through underground station. The Select Committee had been expected to announce their decision on this before the end of October 2023.

5.2 The Secretary of State for Transport has stated that the Government will “reflect on the existing package of legislation before Parliament, on which we will set out next steps to the House in the usual way. It will include the necessary consultative steps and business case development, in line with our relevant legal and fiscal duties”.

### 6.0 **Next Steps**

6.1 The Council will work with our key partners, such as GMCA and TfGM to:

- Seek further clarity from DfT on the proposals and urgent engagement on delivering the rail capacity and other transport improvements needed in Greater Manchester and the North of England.
- Continue to scrutinise the *Network North* proposals as more detail becomes available.
- Respond to any consultations put out by Government in relation to the investments set out in the *Network North* paper.
- Maintain the position that the infrastructure needed for NPR should be protected in the hybrid Bill and remain safeguarded.
- The Council will seek to produce a Strategic Plan on rail & other public transport infrastructure, working with relevant local partners and key stakeholders, to be brought back to the Executive for further consideration.

## **7.0 Recommendations**

7.1 Recommendations appear at the front of the report.