Mind the gap: The role of HS2’s Eastern Leg in bridging England’s east-west divide

September 2020
State of play

The UK economy has one of the largest levels of regional inequality of any advanced nation\(^1\). Despite the Government’s renewed commitment to levelling up, the fact remains that wealth, employment opportunities, productivity and social mobility are all hugely influenced by regional geography – and the gap is widening.

As we look to recover from the economic impacts of COVID-19, it is vitally important that investments are made to lift up left-behind communities, and rebalance the distribution of opportunity UK-wide. Without targeted action current conditions will serve to exacerbate these inequalities further, condemning a generation of young people to a life of financial hardship, frustration and unreached potential.

North – South vs. East – West

Over successive decades, social, political and economic differences have been measured, analysed and consistently publicised in the media as demonstrating a clear North – South divide. Productivity, economic output and government investment in areas such as transport are significantly higher in London and the South East than communities in the Midlands and the North.

However, as the UK regions meet the challenges of attracting Government and private investment in the face of unprecedented economic pressures, the evidence in this document demonstrates that a pervasive East – West divide provides the clinching case for why the Eastern Leg of HS2 Phase 2b must be built in its entirety.

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Cllr Kay Cutts, leader of Nottinghamshire County Council, said:

“Now is the time to build back better and build back greener, accelerating our economic recovery from COVID-19. The Eastern Leg of HS2 is an essential part of this solution, one that will create thousands of high-skilled jobs and spread the benefits of investment and regeneration to the local communities that need it most. Government has committed tolevelling up the UK economy, it must now deliver on this promise, starting with the full construction of the Eastern Leg.”

HS2’s Eastern Leg

Set to run from Birmingham’s Curzon Street station to the HS2 East Midlands Hub at Toton, to Chesterfield, Sheffield and Leeds, with the potential to extend to Newcastle and on to Scotland; the Eastern Leg of HS2 Phase 2b will connect communities that are home to over 13 million people and six million jobs.

In February 2020, the Government confirmed that while the development and delivery of Phase One (from London to Birmingham) and Phase 2a (from Birmingham to Crewe) would continue as planned, the Government would undertake a review of Phase 2b of the project, publishing an Integrated Rail Plan (IRP) to consider how both its Eastern and Western legs can be best integrated within the wider transport network.

We expect this to be published before the end of 2020.

The evidence in this document demonstrates that a number of pertinent social and economic challenges disproportionately affect communities along the Eastern Leg of HS2 Phase 2b, both compared to the Western Leg of HS2 Phase 2b, and the UK as a whole. As well as outlining the nature of these inequalities, this report will explain how investment in our new high speed network will catalyse the regeneration, development and social mobility needed to address these disparities.

For the full benefits of our new high speed network to be realised, it must be built in its entirety; both the Eastern and Western legs of Phase 2b should be delivered as soon as possible.

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1 UKG070: Make no little plans; acting at scale for a fairer and stronger future
An analysis of social and economic indicators has revealed a stark disparity between the outcomes and life chances of communities living along the Eastern Leg of HS2 Phase 2b, compared to communities surrounding the Western Leg of HS2 Phase 2b. Compared to communities on the Western Leg of HS2, the Eastern Leg of HS2 and its surrounding communities:

- Have lower productivity rates
- Receive significantly less transport investment
- Are home to more social mobility ‘coldspots’

Several other factors suggest a need for transport investment in the Eastern Leg geography, to stimulate economic opportunity:

- A number of towns and cities along the Eastern Leg are home to a high proportion of ‘financially stretched’ households
- Concentration of transport poverty is significantly higher than the UK average and correlates strongly with areas of social deprivation

Cllr Judith Blake, leader of Leeds City Council, said:

“There’s no arguing with the facts – the Eastern Leg of HS2 is home to communities that are blighted by low productivity, are less likely to achieve social mobility and that have suffered from a chronic underinvestment in transport. Government must remedy this now, and commit to building the Eastern Leg of HS2 in full, as soon as possible, giving the Midlands and the North the resources needed to spark regeneration, job creation and economic growth.”

### The Eastern Leg of HS2 in numbers

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<tr>
<th>Productivity</th>
<th>Transport Investment Per Head</th>
<th>Social Mobility</th>
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<tr>
<td><strong>Productivity in Eastern Leg regions</strong> (East Midlands, Yorkshire and the Humber and North East)</td>
<td><strong>33% below UK average</strong></td>
<td><strong>Twice as many social deprivation ‘coldspots’ than Western Leg regions</strong></td>
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<tr>
<td>22% less productive than UK average</td>
<td><strong>21% below Western Leg regions (North West and West Midlands)</strong></td>
<td>42% of England’s social deprivation coldspots, despite only having 23% of its population</td>
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<td>11% less productive than Western Leg</td>
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Western Leg regions = the Western regions of the Midlands Engine and Northern Powerhouse, which run along the Western Leg of HS2 Phase 2b, composed of the West Midlands and North West.

Eastern Leg regions = The Eastern regions of the Midlands Engine and Northern Powerhouse, which run along the Eastern Leg of HS2 Phase 2b, comprised of the East Midlands, Yorkshire and the Humber and North East.

As of 2018, the Eastern Leg regions (Yorkshire and the Humber, the East Midlands, and the North East) had the three lowest productivity levels of any region in England, falling 35%, 33%, and 32% below the London level in 2018.¹

GVA per head in the Eastern Leg regions is 11% below that of Western Leg regions, and 22% below the UK average.²

Transport Investment

The Eastern Leg regions have suffered from a sustained and chronic underinvestment in capital infrastructure that has occurred under successive Governments over a period of decades.

In the five years from 2014-2019, the Eastern Leg regions received a transport spend per head that was 33% below the UK average, and 21% below that received by the Western Leg regions.

Productivity (GVA per head) by region compared to the UK average

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1⁰ONS, 2020, Regional labour productivity, including industry by region, UK: 2018.
2¹ONS, 2020, Regional labour productivity, including industry by region, UK: 2018.
A household is considered to experience transport poverty where a lack of convenient, affordable transport access limits economic prosperity and quality of life. It may be that poorer public transport access hinders access to job opportunities or that struggling households are socially isolated or cut off from amenities by the high cost of owning a car. Our analysis of transport poverty examined three main indicators, which when combined are a limiting factor to economic growth. These were: public transport access, private transport access and labour market outcomes. It is clear that transport poverty is prevalent along the whole length of the Eastern Leg, and is largely restricted to urban areas close to the HS2-served stations shown below.

The link between transport poverty and social deprivation is undeniable. You will see on the next page that areas of transport poverty and social deprivation hotspots are very highly correlated. Providing communities with better access to convenient transport is essential if we're to achieve better outcomes and empower left behind communities to benefit from better job opportunities and greater financial security.

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*Social Mobility and Child Poverty Commission; The Social Mobility Index (2016)

*HS2 East: Volterra, The case for an integrated new railway network serving the Eastern Leg (2020)*
Financially stretched households

One of six socio-economic categories used to segment the UK population, financially-stretched households make up 23% of the nation’s residents and are typically comprised of those living in low-value mortgaged or owned accommodation or those renting social housing, mostly semi-detached or terraced properties.

Financially-stretched households are:

- more likely to rely on low-skilled employment
- less likely to have higher-level qualifications
- less likely to have savings and more likely to struggle with debt
- home to a higher than average proportion of benefit claimants

Analysis of this data shows that a number of towns and cities along the Eastern Leg have an above average proportion of financially-stretched households, including Leicester, Nottingham, Ashfield, Mansfield, Bolsover, Chesterfield, Sheffield and Rotherham.

Why do we need HS2?

The Eastern Leg of HS2 will catalyse the regeneration, job creation and economic growth needed to lift up communities surrounding our new high speed railway line. It will do this by:

Raising productivity -> Our new high speed railway will transform connectivity between the UK’s major cities and produce huge journey time benefits. Less time spent travelling and increased ease of access to new domestic markets will increase productive output and reduce the disruption caused by cancellations and delays.

Encouraging social mobility -> Not only will HS2’s construction see the creation of thousands of apprenticeships, it will also prompt the creation of over 150,000 new jobs along the Eastern Leg, many of which will be highly-skilled. The ease of access to these opportunities, along with the regeneration of deprived inner city areas will expose young people to a host of new possibilities.

Catalysing regeneration -> The arrival of HS2 is prompting widespread regeneration around the planned new station in the East Midlands, as well in Chesterfield, Sheffield, Leeds and York (see next page). This level of transformation has not been seen for a generation, and will see thousands of new homes built, new leisure destinations opened and a host of holistic placemaking in inner city areas.

Reducing transport poverty -> HS2 will be the backbone of our public transport network for the next century, and will vastly improve access to public transport for communities along its route. It is the basis of complementary regional transport initiatives Northern Powerhouse Rail and Midlands Engine Rail that both utilise HS2 infrastructure, connect communities to the high speed line and use the capacity HS2 frees up on the existing network to run additional local and intercity services. This will raise productivity, encourage social mobility and reduce transport poverty.

Reducing emissions -> HS2 will create space on the conventional network for over 2 million lorries’ worth of goods to be moved from Britain’s roads onto its railways each year. A move that will reduce carbon emissions by 76%.

It will eradicate the need for domestic air travel, providing a carbon-neutral alternative to the hundreds of polluting flights that run between England and Scotland each week.
Given the evidence outlined in this document, alongside the mounting economic impacts of COVID-19, it is essential that Government gives businesses and investors along the Eastern Leg of HS2 the certainty they need to rebuild and flourish. Investment in these communities will have huge benefits for UK PLC; the geography is home to major international gateways, world-leading industries such as advanced manufacturing, life sciences, agitech and green energy production. Harnessing the potential of its people, workers and businesses will boost economic output, lift productivity and create opportunity for a generation of highly-skilled, prosperous households.

Our message to policymakers is simple; we need the Eastern Leg of HS2 – back it, built it, benefit from it.

Our asks of Government:
The Eastern Leg of HS2 must be built in its entirety; alongside and within a similar timescale as the Western Leg. De-scoping, descaling or delaying the Eastern Leg would have dire economic consequences, and disproportionately penalise the communities that need its benefits most; communities that have suffered from decades of underinvestment.

Delivery must be completed as soon as possible
It is essential that the Phase 2b Hybrid bill is drafted as soon as possible following the publication of the Integrated Rail Plan at the end of this year – programme delivery must not slip.