

Northern Value Study

Assessing and enhancing the economic and social value of NTL's operations
September 2022

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1. Background and NTL's business plan

Our plan to further improve and contribute more fully to the development of the North

- March 2020 saw a new direction set for Northern train services.
- It recognised that NTL has a key role to play in Government's policy of supporting economic recovery in the North post COVID-19 and in driving value for money and efficiency for the industry.
- As a result, our recent business plan set out ambitious plans to transform the way NTL operates and contribute to sustainable development.
- It recognizes the wider contribution that NTL – and rail more generally – make to the North.
- NTL has set up a Strategic Planning function to enhance the evidence base, further this agenda and to work more fully with partners.



Northern Trains and study background

We are the largest rail company in the north of England

Northern services are a vital part of community life in the north of England, serving more than 500 stations.

Two thirds of rail journeys in the north are on our services. We support 21 Community Rail Partnerships. Every day we carry around a million passengers.

We employ almost 7,000 people, making us one of the largest employers in the North.

There is limited evidence as to what value this brings. A number of previous studies have sought to estimate the economic value of rail, but not in a holistic way.

As a result, we worked with Atkins to undertake a detailed study into the broad social and economic value that Northern brings across the UK and the North of England.

The findings are used on an ongoing basis to inform decision making.

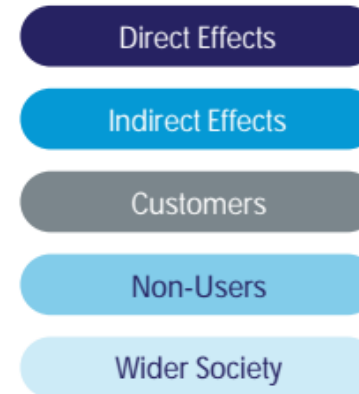


2. Impact Assessment Framework and Methodology

A comprehensive approach - the economic value of rail can be described and measured in a number of different ways. The study – uniquely – sought to measure each of these including:

- NTL’s jobs and GVA footprint (based on direct employees and supply chain spending).
- Passenger/ user benefits (principally via generalised journey times).
- Non-user benefits (reducing road congestion/ environmental etc).
- Agglomeration (contribution to economic performance through enabling greater proximity and density)
- Option and non-use value (the value local residents place on living close to stations & services).
- Total Economic Value (the minimum value that passengers journeys are worth i.e. the consumer surplus.)

Impact Groups



NTL’s own business: number of people employed by NTL, wages and GVA impacts

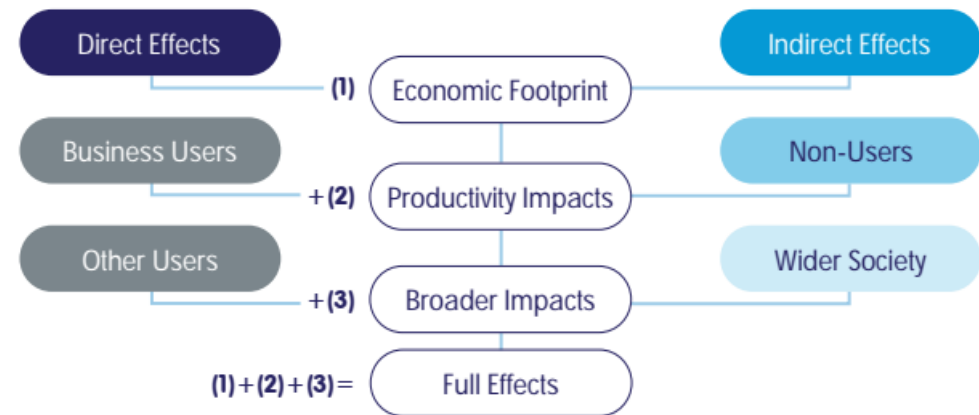
Supply chain impacts: people employed by NTL’s suppliers, wages and GVA impacts

People using NTL services: value of their journeys to access jobs and opportunities

Value to other people from people using NTL services: less congestion on the road network

Value to wider economy, society, environment: agglomeration, regeneration, social inclusion, health and wellbeing, carbon impacts

Impact Framework

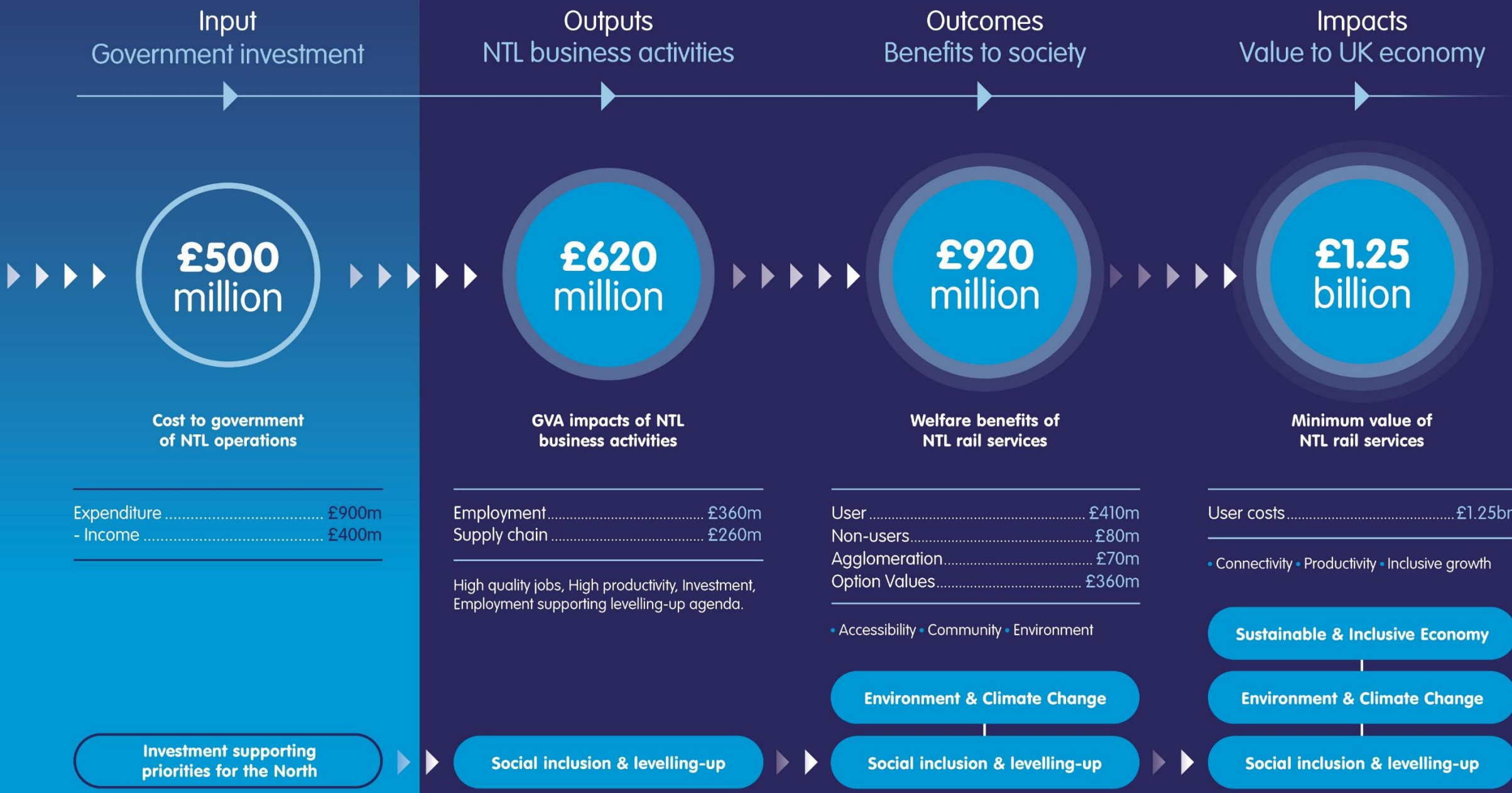


3. Key findings - why rail matters in the North

A cornerstone of the Northern economy. The benefits generated from our operations significantly outweigh our costs.

- **Direct impacts:** NTL's operations play a significant role in the job market and GVA contribution with a direct job creation of **6,600 roles** and a direct GVA contribution of over **£360 million**. This equates to £55,000 GVA per direct employee.
- **Indirect impacts:** Procurement by NTL for goods and services converts equates to **£257 million** GVA per year (2020 prices). Of this, approximately 45% of the value is retained in the North, equivalent to **4,315 jobs**.
- **User Benefits:** The value that NTL's passengers derive from its services has been estimated at **£416 million** per year.
- **Non-user benefits:** The value of transport externalities (reduced highway congestion, infrastructure maintenance, accidents, noise, greenhouse gases and improved air quality) saved by NTL's services is estimated at **£75 million** per year.
- **Agglomeration:** The agglomeration effects of NTL's services are estimated at **£73 million** per year.
- **Option and non-user value:** NTL is the sole provider of rail access for approximately 25% of all households within the region. The economic value of these services to those people that do not currently use rail is estimated at **£356 million** per year.
- **Economic activity supported:** NTL's passengers expend **£1.25 billion** in fares and generalised journey time each year.
- **Social value:** Procurement, apprentices, community rail, well being.
- Our services are also pivotal in delivering national priorities: **decarbonising transport, levelling-up** and **economic recovery**.





Input
Government investment

£500 million

Cost to government of NTL operations

Expenditure £900m
- Income £400m

Investment supporting priorities for the North

Outputs
NTL business activities

£620 million

GVA impacts of NTL business activities

Employment £360m
Supply chain £260m

High quality jobs, High productivity, Investment, Employment supporting levelling-up agenda.

Social inclusion & levelling-up

Outcomes
Benefits to society

£920 million

Welfare benefits of NTL rail services

User £410m
Non-users £80m
Agglomeration £70m
Option Values £360m

• Accessibility • Community • Environment

Environment & Climate Change

Social inclusion & levelling-up

Impacts
Value to UK economy

£1.25 billion

Minimum value of NTL rail services

User costs £1.25bn

• Connectivity • Productivity • Inclusive growth

Sustainable & Inclusive Economy

Environment & Climate Change

Social inclusion & levelling-up

Direct Impacts

NTL's own business – number of people employed by NTL, wages and GVA

NTL direct employment by sector and region, 2020

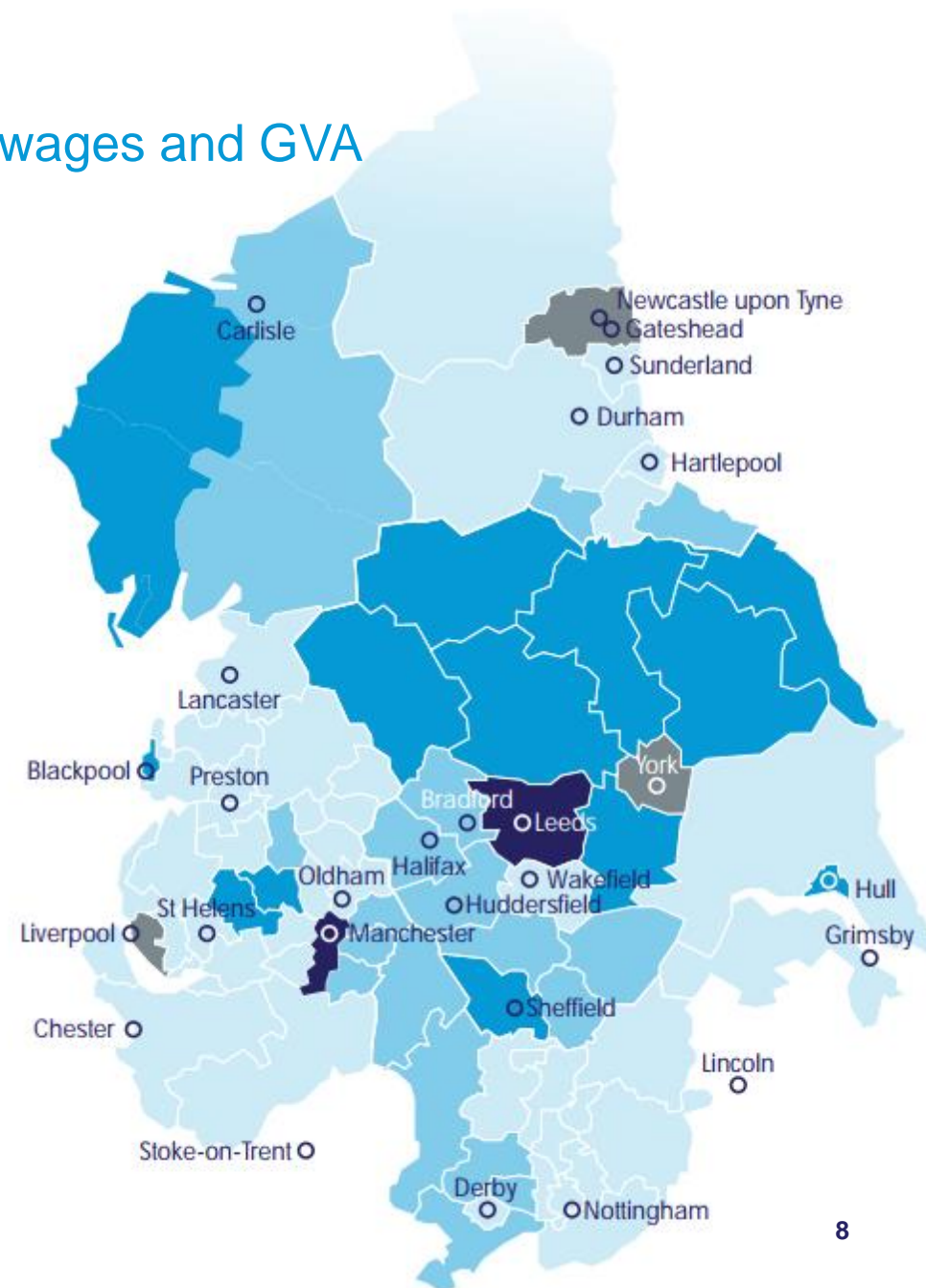
Sector/ Location	North East	North West	Yorkshire & Humber	East Midlands	Total
Transportation and storage	544	2,570	2,025	66	5,205
Professional, scientific and technical activities	34	264	339	-	637
Administrative and support services	35	410	320	13	778
Total	613	3,244	2,684	79	6,620

NTL estimated workforce income by sector and region, 2020

Sector/ Location	North East	North	Yorkshire & Humber	East Midlands	Total
Transportation and storage	£20.0	£97.8	£77.3	£2.6	£197.7
Professional, scientific and technical activities	£1.8	£13.2	£17.5	£0.0	£32.5
Administrative and support services	£0.9	£10.1	£7.8	£0.3	£19.1
Total	£22.7	£121.1	£102.5	£2.9	£249.2

Direct Impacts

- £0 - £2m
- £2 - £10m
- £10 - £20m
- £20 - £40m
- £40 - £90m



Indirect Impacts

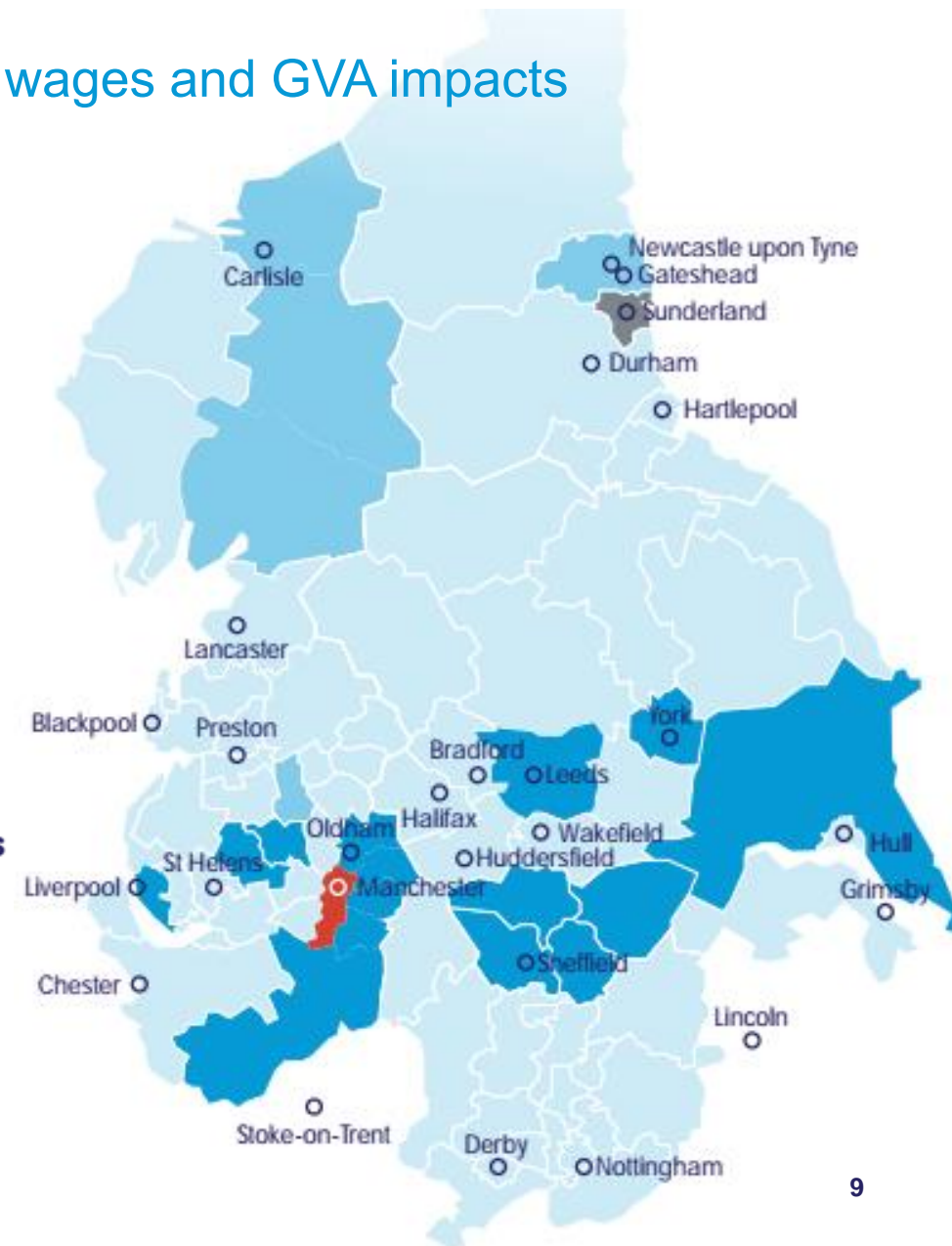
Supply chain impacts: people employed by NTL's suppliers, wages and GVA impacts

Indirect impacts GVA by region (£,000s - 2020 prices)

Sector	UK wide	North West	North East	Yorkshire & The Humber
Transport and storage	£182.4	£63.9	£19.3	£4.9
Business and admin support services	£13.5	£1.6	£0.5	£1.7
Professional, scientific and technical services	£12.1	£2.6	£0.2	£2.5
Construction	£8.9	£4.0	£0.0	£0.7
Manufacturing	£8.9	£3.3	£0.1	£1.0
Finance, insurance and real estate	£5.4	£3.2	£0.0	£0.5
Combined other	£25.7	£0.8	£0.6	£1.7
Total	£256.9	£79.4	£20.8	£13.0

Indirect Impacts

- £0 - £500k
- £500k - £1m
- £1m - £5m
- £5m - £20m
- £20m - £30m
- £30m - £70m



Informing NTL priorities

Consideration of economic and social value now underpins much of our decision making

- Promoting sustainable development through procurement
- Timetable planning
- Stations as a Place
- RSSB Social Value reporting
- Net zero strategy
- Rolling stock strategy
- Appraisal criteria
- Monitoring and evaluation



An enhanced evidence base to inform decision making

The study has been a catalyst for improving data and tools on social and economic value

- Stations and catchments database
- Drivers of Customer satisfaction research
- Enhanced costs and benefits models
- Current and future demand studies
- Low carbon tool developed
- Enhanced GIS and data capability
- Centre of Excellence for the region



Thanks for listening

Any comments or questions?



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📍 <https://www.northernrailway.co.uk/value-research>

<https://www.northernrailway.co.uk/about-us/stakeholder-hub>