

Report of South East Directors of Environment, Economy, Planning and Transport

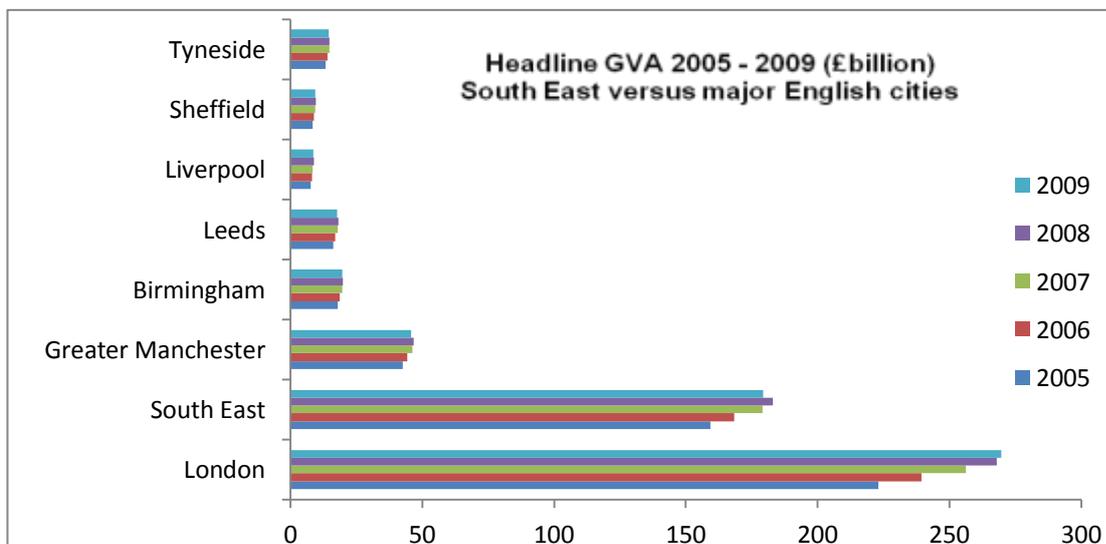
STRATEGIC TRANSPORT INFRASTRUCTURE FOR SOUTH EAST ENGLAND

Summary

1. The South East of England needs investment in strategic transport infrastructure in order to protect and grow its substantial contribution to the UK economy.
2. This paper proposes a new joint project between central Government, local authorities, Local Economic Partnerships and transport agencies. The aim of this project would be to explore the value for money of a programme of strategic transport improvements.

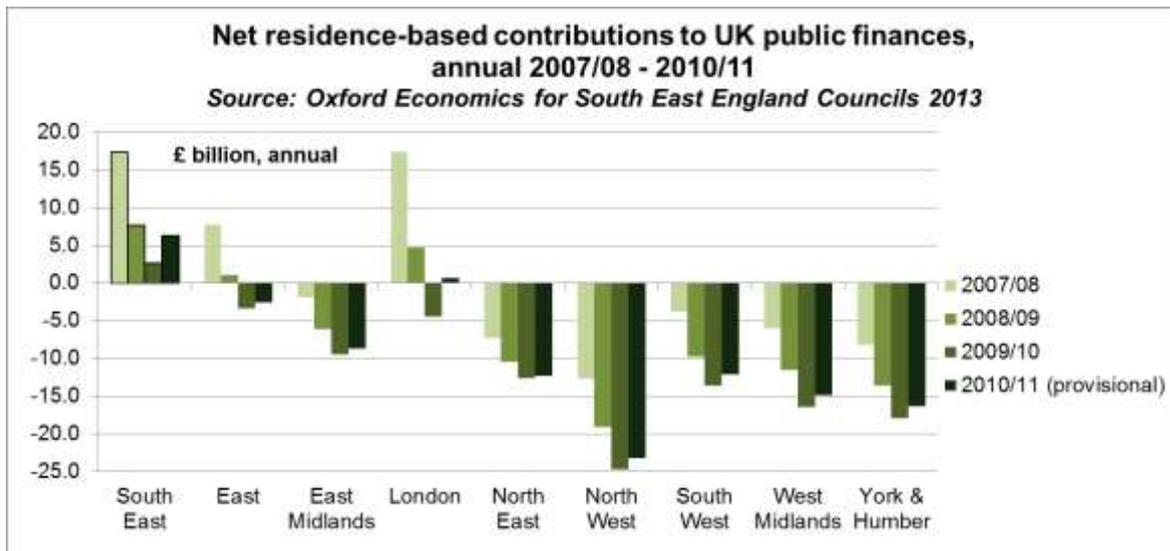
Economic context

3. The wider South East of England – London and the shire counties within commuting distance of London – is the economic powerhouse of the UK economy.
4. It is sometimes said that cities are the engine rooms of the economy. This is only partly true. The dominance of London means that most of the shire counties in the South East do not have major cities of their own. But their contribution to the UK economy is considerably greater than the rest of the UK's cities outside London.



The South East's net contribution to UK public finances is also considerably higher than any other region.

Net residence-based contributions to UK public finances				
<i>Source: Oxford Economics for South East England Councils, 2013</i>				
£billion	2007/08	2008/09	2009/10	2010/11 (provisional)
South East	17.4	7.6	2.6	6.3
East	7.8	1.1	-3.3	-2.6
East Midlands	-1.9	-6.2	-9.5	-8.6
London	17.4	4.7	-4.4	0.7
North East	-7.3	-10.4	-12.6	-12.3
North West	-12.7	-19.1	-24.7	-23.3
South West	-3.7	-9.8	-13.6	-12.1
West Midlands	-6.0	-11.6	-16.5	-14.8
York & Humber	-8.2	-13.6	-17.9	-16.4



Despite this contribution to the UK economy, the level of public spending in the South East is proportionately lower than in any other part of the country:

	Total expenditure (£ billion)	Employment (£ per employed)	Expenditure relative to...	
			GVA (UK=100)	Income (UK=100)
Northern Ireland	22.6	27,000	149.9	143.5
Wales	33.5	25,000	141.6	125.3
North East	29.0	24,700	132.9	122.9
Scotland	61.9	24,200	114.6	120.8
North West	74.2	22,100	115.5	111.3
West Midlands	54.8	21,100	109.1	107.4
Yorkshire & the Humber	52.4	21,000	110.0	104.9
South West	55.5	20,800	106.5	99.9
East Midlands	42.0	20,100	97.7	95.7
Greater London	94.0	19,800	73.0	90.5
Eastern	53.5	19,000	81.8	83.0
South East	80.9	18,800	76.6	78.8
UK	669.3	21,100	100.0	100.0

5. The South East is critical for the success of the UK economy as a whole. If the South East fails, the rest of the country fails too.

Transport context

6. One of the main reasons for the economic success of this area is that it is the UK's main gateway to the rest of the world. The area has, up to now, enjoyed good strategic transport links:
- Three of the UK's main airports and the only international hub airport – Heathrow, Gatwick and Stansted.
 - Most of the population is within commuting distance of London.
 - The area has a very good rail network, particularly for journeys to and from London
 - There is a generally comprehensive motorway network centred on the M25.
 - The South East has key strategic ports, such as Southampton, Portsmouth, Folkestone and Dover.
 - The Channel Tunnel links the UK to mainland Europe.

7. However, the success of the South East has put many of these transport networks under intolerable pressure. Many of the transport networks are operating at or beyond capacity. The region has the highest levels of road congestion and the most overcrowded trains in the UK. Heathrow is operating at capacity and is starting to lose its status as a primary international hub. Road and rail access to our ports is relatively poor. Journeys on both road and rail are unreliable, with frequent delays and incidents. The maintenance of roads and bridges has not kept pace with their deterioration from weather effects and high levels of use. Local authorities are doing what they can, but many of the solutions are large projects of national importance which should be funded by Government.
8. A business considering locating in the South East might conclude that it is a “great location which is let down by a tired and inadequate transport network.”
9. The South East supports the UK economy strongly. For many years, the region has been the only part of the country to make a net contribution to the Exchequer. If the UK is to recover from recession and then to prosper, the South East must be a large part of this recovery, and that means investing in transport.
10. There are a number of Government initiatives which are beginning to help. For example:
 - The devolution of major scheme funding to new “local transport bodies” is a welcome step, although we believe the Government’s guidance is too prescriptive.
 - The funding of the Highways Agency “pinch points” programme and the extension of managed motorways.
 - The new local pinch point fund (although the timescale for bidding is much too short)
 - The Local Sustainable Transport Fund is helping to encourage greater use of public transport, walking and cycling. This not only helps to reduce congestion, it also stimulates retail spending by making town centres more attractive.
 - Individual schemes, such as the A3 Hindhead tunnel and the widening of the M25, are beginning to show improvements in journey times and reductions in congestion.

Core Principles

11. The Department for Transport has developed four key policy principles to underpin investment decisions:
 - the economy
 - carbon and the environment
 - quality of life for communities and residents
 - affordability
12. Investment in strategic transport improvements in the South East can help to achieve all of these objectives. To be successful, investment proposals must be strongly evidenced and targeted on activities which deliver the most benefits.
13. In order to develop this targeting, it would be sensible to identify a number of core principles and policy objectives, so that the benefits of investment can be related to the Government's four policy aims. This will need to be agreed with partners and developed through a process of iteration, but as a starting point the core principles could be:

Economy

Bolster the South East's gateway role and improve exports by improvements to key road and rail corridors linking London, the airports, the ports and the major towns.

Reach an early decision about the expansion of UK airports, maintaining and expanding the UK's position as an international hub. Make it easier for residents and businesses to get to major airports, and increase the number of destinations that those airports serve.

Congestion: improve journey time reliability by tackling pinch points, reducing the number of incidents which cause major delays and responding to incidents more quickly.

Provide better transport links to create and link jobs and housing.

Carbon and the Environment

Promote alternatives to the car, for example through an extension of the Local Sustainable Transport Fund.

Start a "rail renaissance" to make better use of rail.

Protect and maintain existing transport assets, such as the condition of roads and bridges.

Quality of Life

Improve the quality of retail centres to make them more attractive for residents to visit, to work and to shop.

Improve the quality of business premises and industrial estates, so that businesses want to locate there.

Affordability

All schemes must demonstrate excellent value for money and wider economic benefits.

14. The proposition is that the case would focus on identifying those infrastructure projects that are truly strategic and which are of benefit not only for the South East but for the wider UK economy. It is not envisaged that the case would seek to prioritise one proposal over another; rather it would seek to set out the strongest possible (evidence based) argument as to why investment in the South East's strategic transport infrastructure brings benefits for the whole of the UK.

A Framework for Discussion

15. The fundamental foundation on which a case for investment in the South East in many respects already exists.
16. The **gateway function for the South East** has been well documented in previous work
 - **The Channel Tunnel/Port of Dover** remain critical linkages between the UK and continental Europe – the M2/M20/HS1 corridor continues to be of importance and a focus for future investment. Delivery of an additional **Lower Thames Crossing** to the east of the Dartford Crossing should therefore continue to be a priority both in terms of maintaining an appropriate level of access to these particular gateways from the rest of the UK, particularly from the midlands and the north, and to ensure network resilience and journey time reliability. A long term solution to **Operation Stack** which costs the haulage industry some £1m a day is still required.

Recognising the importance of ensuring resilience within the transport network for the wider business community, it may also be appropriate to promote investment in developing the **Ashford/Redhill/Reading rail corridor** as a strategic corridor. Investment would be required to deliver the Redhill flyover and in the electrification of the **North Downs Line**. However once completed this would provide direct access from the South West/Wales to the HS1 corridor leading to the Channel Tunnel.

- The **Port of Southampton** (and its airport) remains one of the key international gateways for the UK economy – the rail corridor northwards and with it the M3/ **A34 corridors** continues to be of critical importance. Recent investment in the rail corridor (in order to accommodate W10 gauge container wagons) has resulted in a substantial increase in rail borne traffic. Further investment in the rail corridor is required if this potential is to be exploited to the full. Further investment – particularly at strategic junctions – along the M3/ A34 corridors will also be important not just for strategic traffic but also to support more localised initiatives that are of national significance (for example Science Vale Enterprise Zone).
- **Heathrow Airport** is the UK's only international hub airport: access to/from the airport is consistently identified as a priority for businesses across the South East. South East local authorities should be lobbying hard to ensure that the commitment to deliver a 'west facing chord' from the **Great Western Main Line into Heathrow** is delivered at the earliest opportunity. Such an investment, when tied in with investment in removing the bottlenecks at **Reading Station** (completion in 2015) and **Oxford Station**, will improve provide a step change in access to Heathrow Airport. In the medium term delivery of improved public transport access from the south (into **Surrey and South West London**) could be viewed as the next step in improving access.
- **Gatwick Airport** continues to grow in its importance: delivery of improvements at the station and along the A23 was championed previously by the South East. However, realisation of the longer-term potential at Gatwick Airport and the opportunities for related economic development will increase the pressure on the transport system. In particular capacity problems on the **Brighton Main Line** would be exacerbated. This could strengthen the case for promoting a Second Brighton Main Line (through the restoration of the **Lewes-Uckfield line**). Experience with the East-West Rail project demonstrates the ability to secure substantial investment in restoring strategic rail corridors.
- **Kent International Airport at Manston** has one of the longest runways in Europe and offers huge potential for complementing Heathrow and Gatwick, providing excellent connections to European destinations and reduced flight times. Improved rail access via HS1 and a new Thanet Parkway rail station will increase the attractiveness of the airport to airlines and passengers and provide a key part of the solution to the south east's aviation capacity problem.
- The **M25 Corridor** – will continue to be a key piece of infrastructure threading its way through the South East economic area. Continuing to investment in ensuring it operates efficiently is likely to be a national priority. A concerted and co-ordinated view on the importance of this for the South East economy could be a feature of the case made to Government.
- the South East's rail network provides generally good links to and from London, but there are a number of fundamental constraints and pinch points, such as the capacity of **central London termini** and bottlenecks such as Reading and Woking.

17. Across the South East (and in some cases beyond) there are also a series of **strategic corridors** where investment in transport infrastructure would deliver benefits to both locally and nationally:

- Strategic connections to **South West England** – the South East’s gateway role brings with a need to continue to invest in the strategic connections into the South West. Improvements to the Great Western Main Line are being taken forward by Government but there remains a need to promote the case for **further investment in the A303 corridor**, particularly within the South West as part of a national strategy to improve access to the South East’s gateways.
- Strategic connections to **East of England/East Midlands** – after many years of lobbying the commitment of Government funds to deliver the western phase of **East-West Rail** (linking Reading, Oxford, Milton Keynes and Bedford) will provide a step change in access that will benefit businesses across the UK. Completion of the East-West Rail project into East of England and ensuring the **linkages into the distribution centres in the East Midlands** are developed to their full potential, both of these should remain a high priority for the South East. An additional **Lower Thames Crossing** to the east of Dartford will also improve connections to the midlands and the north.
- Strategic connections along the **London-Portsmouth corridor** – a key axis for the South East economy and also for London. The removal of the capacity bottleneck on the rail network immediately west of Woking, and addressing the **capacity issues along the A3** in and around the Guildford are both of a scale as to be significant for the South East as a whole. It would also be beneficial to improve **rail access between Portsmouth and London**, currently around 2 hours.
- Strategic connections along the **London-East Sussex corridor** – a key axis when it comes to realising the economic opportunities in parts of Kent and East Sussex. Investment in the rail **corridor to Hastings**, and addressing the **capacity issues along the A21** are both of a scale as to be significant for the South East as a whole. In particular, Government commitment to funding the A21 dualling between Tonbridge and Pembury from April 2015 is required.
- Improving **access to Brighton**, both as an alternative to the Brighton main line and also to strengthen the existing services.
- The **South Coast corridor** has the potential to remove traffic from the M25 and speed up land-based journeys between the main ports. This would require **investment in the M27/A27 corridor** serving Portsmouth and Southampton The possibility of local management should be explored for these and other motorways.

18. The attached map shows the main strategic corridors.

19. In some cases, work has already been done to develop specific schemes to improve these corridors. For example, the programme of multi modal studies in the early 2000s identified a range of possible interventions. The data behind these studies are now more than 10 years old and will need to be updated. Not all of the area was studied. For example there were studies of the South Coast, the Thames Valley corridor and the M25, but other corridors were not covered, such as the A34 and A23/M23. Some local authorities have strategic transport models of their areas, but not all.
20. At an early stage it will be useful to identify the likely costs and benefits of these schemes. Very rough initial cost estimates are shown below:

Scheme/ corridor	Possible improvement costs
M2/M20/ HS1 corridor including an additional Lower Thames Crossing east of Dartford and a long term solution to Operation Stack.	£2.5 – 3 billion
A34 improvements	up to £750 million
Improved Heathrow access	up to £1 billion
Improved Gatwick access	£1 – 2 billion
Improved Manston access	Up to £20 million
A303 corridor	up to £300 million
A3 corridor	up to £500 million
A21 corridor	up to £200 million

Potential Next Steps

21. The proposal in this paper is that investment in key strategic transport infrastructure in the wider South East will stimulate the UK economy. This will require investment not only in the old South East region area, but also in neighbouring areas, such as London and the shire counties to the North and East of London.
22. Partnership working will be essential to test this proposition and to develop the schemes and associated funding mechanisms. Because many of the interventions are strategic, they will need to be taken forward with the agreement and help of the Department for Transport, Highways Agency and Network Rail. The proposals will also need the endorsement and active participation of SEEC, SECL and the Local Enterprise Partnerships.
23. One way to take this forward would be to convene a multi-agency project board to refine the ideas in this paper and to develop business plans for the most beneficial of schemes.

Strategic Transport Infrastructure for South East England

