

**SOUTH EAST ENGLAND COUNCILS  
SOUTH EAST STRATEGIC LEADERS  
JOINT TRANSPORT MEETING**



Date: 20 June 2013

Subject: Strategic transport investment for economic growth

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**Recommendations:**

Members are asked to:

- i) Welcome Transport Minister Stephen Hammond as keynote speaker to outline Government investment priorities
- ii) Highlight to the Minister the opportunities in the South East where strategic transport investment would support national economic growth & excellent return on investment
- iii) Commit officer time to preparing a detailed report on the South East case for investment in specific transport projects for presentation to DfT Ministers.

**1. Introduction**

1.1 DfT Minister Stephen Hammond has been invited to outline Government's priorities and approach to transport investment. His areas of responsibility are highly relevant to SEEC and SESL members' interest in strategic transport investment to boost economic growth as they include:

- Strategic roads and the Highways Agency
- Freight and logistics
- London
- Crossrail.

1.2 The Minister will outline current plans for investing in the South East and the DfT's four core principles that underpin investment decisions:

- Support for economic growth
- Carbon reduction and the environment
- Support better quality of life
- Project affordability.

1.3 SEEC and SESL members will also have the opportunity to ask questions and to highlight the national economic benefits to be gained from strategic investment in the South East.

**2. The South East case for transport investment**

2.1 South East England has an excellent track record of economic success, and real potential to help drive the national recovery from recession. Strategic transport investment in the South East will help drive national recovery in three main respects:

- The South East has huge potential to build on its proven economic strengths and global competitiveness to deliver an excellent return on public sector infrastructure investment. ONS figures show the South East's economic contribution 2005-9 outweighs the combined value added by Tyneside, Sheffield, Liverpool, Leeds, Birmingham and Manchester.

- South East tax revenues significantly outweigh public spending in our area, providing the Treasury with a 'profit' – some £6.3bn in 2010-11 – which helps fund economic growth initiatives nationally.
- Better transport through the South East would significantly improve links to our major ports and airports for businesses nationally. Reducing congestion on these key routes will help increase export potential and cut costs for business, helping them to improve productivity.

### **3. Funding gap for strategic projects**

3.1 South East local authorities have work underway to identify the most important strategic transport projects and the economic benefits they will deliver. This work is being carried out for SEEC and SESL, working with the South East Directors of Economy, Environment, Planning and Transport. Discussions with LEPs will also form an important part of the work. Given the strategic remit of the work, it covers all surface transport, not simply the roads that local authorities manage directly.

3.2 The work has highlighted a major funding gap for large projects that are too expensive for local partners but do not yet feature on the Government's programme, despite the potential for national economic benefits. Our emerging plans focus on strategic routes that will improve access to areas of economic importance. Relieving congestion for freight and commuters is a priority, which will reduce costs for business and improve productivity. To take just one example, the Freight Transport Association calculates the cost of congestion at £1 per minute for their members. Examples of strategic routes for investment in the South East include:

- Better road and rail access to the ports in Dover, Southampton and Portsmouth for freight and passengers from all over the UK.
- Better freight and passenger access through the South East to airports at Heathrow, Gatwick, Southampton and Manston from all over the UK.
- Reducing congestion and bottlenecks on strategic road corridors including the M25, M3, A27, A21 and A303.
- Increasing capacity at central London rail stations to cut overcrowding for commuters travelling into London or the South East to work.

Working with LEPs, we aim to produce a final, detailed list of key projects with a South East footprint, setting out the economic benefits they offer.

3.3 Member authorities have welcomed the DfT's move to devolve more funding decisions to Local Transport Bodies and to provide 'pinch point' funding locally and through the Highways Agency. However there are no current funding streams to allow councils, LEPs and partners to take forward large scale strategic and cross-boundary schemes with national impact, such as those highlighted in para 3.2. They also do not yet feature on the Government's national investment programme.

3.4 With the ability to deliver both national and local economic benefits, these South East projects offer an excellent return on investment for public spending. This compares to the likelihood of zero or limited returns on schemes in some other areas outside the South East. The Government should consider strategic transport in the South East as an essential part of a supporting national economic recovery and part of a balanced investment portfolio where guaranteed returns from the South East will balance lower returns achieved elsewhere.

#### **4. Next steps**

- 4.1 Members will continue to work with SEDEEPT and LEPs to provide detail on the costs and economic benefits of key projects, highlighting their importance in improving strategic corridors and access routes to our international gateway ports and airports.
  
- 4.2 It is essential that local authorities continue to spend on local infrastructure and road maintenance. However, we also want to work with DfT, Highways Agency, Network Rail and other strategic bodies to ensure we all align spending on agreed priorities. This collaborative approach to strategic planning – a step on from local authorities and LEPs as consultees – would help ensure we gain maximum benefit from public funding. Discussions on single pot funding offer an opportunity to explore this but recognising that the scale of projects we highlight here will cross multiple LEP and local authority boundaries.