

Transport Select Committee inquiry - call for evidence
Airports National Policy Statement
Written evidence submitted jointly by South East Strategic Leaders
and South East England Councils
March, 2017

Executive Summary

- The South East plays a key national economic role as the most profitable economy within the UK (£80bn profit from 2002-12) but, as we approach Brexit, this is at risk from an infrastructure investment deficit.
- Transport routes through the South East are vital to the UK economy. Heathrow lies just over the London boundary, and the South East is also home to several other global gateways that play important roles in the national economy.
- Continued South East and national economic success depends on greater investment in transport both around Heathrow and other South East global gateways. DfT investment criteria should be updated to give greater emphasis to economic benefits as a way of optimising transport investment.
- Expansion of Heathrow needs to be considered within a wider transport network, with steps to reduce the negative effects of congestion on the economy South-East-wide.
- South East council leaders have identified five strategic transport investment priorities that will both improve access to key global gateways and relieve congestion for Heathrow-bound traffic on routes such as the M25.
- The geography for considering Heathrow surface access should be drawn widely to ensure proposals meet the needs of travellers from across the UK. The costs of such nationally-significant access infrastructure should be met by Heathrow or nationally – they must not be allowed to fall on a small number of local authorities or LEPs.
- Targets for public transport access need to be more ambitious and backed up by penalties for failure to meet the targets. Improvements are needed before airport expansion.
- Targets for reducing noise and pollution should also be backed up by penalties for failure to meet the targets. Incentives should be introduced to encourage airlines to adopt innovations that make flights quieter and cleaner.
- Heathrow expansion also needs to take account of wider infrastructure needs, for example for services such as health, schools, waste and leisure. Councils need to be funded to provide local services for new residents moving into the South East to take up new jobs at Heathrow.

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1. Together South East Strategic Leaders (SESL) and South East England Councils (SEEC) represent more than 9.1 million residents (the largest regional population in the UK). We promote the views and interests of all tiers of local government across the South East, an area with 70+ local authorities.
2. SESL and SEEC are pleased to respond to your call for evidence, assisting the Committee in looking at the Government's draft Airports National Policy Statement. This submission sets out the South East's national economic

relevance and specific South East investment needs as well as focusing on three aspects of your inquiry:

- how well the proposals take account of other aspects of the Government's transport strategy
 - how well the proposals address changes to surface access
 - how well the proposals support affected communities.
3. We welcome the Inquiry and that it reflects a number of the issues covered in the meeting between SEEC and SESL members and Committee Chairman Louise Ellman MP last year, and our subsequent written proposals. We would be pleased to discuss points from the submission below with the Committee further, if that would be helpful.

A) Introduction: Economic relevance of the South East

4. Strong, integrated national aviation and transport strategies that address both Heathrow and wider needs are vital for the future of the South East and UK economies.
5. The South East plays a key national economic role and needs transport and infrastructure investment to continue delivering this success. **The South East is the engine room of the UK economy**, generating £249bn GVA in 2015, greater than all 8 English core cities combined (£169bn). It offers the highest return on public investment in England, contributing a net profit of £80bn to the Treasury between 2002-12, some £6bn more than 2nd placed London, profit that the Government reinvests across the country.
6. **The South East also has an important role as a global transport gateway** for businesses and travellers UK-wide, by air, sea and rail. This is recognised by the proposal to expand Heathrow Airport. Investment in Heathrow and its transport needs is important but cannot be treated in isolation from our other economic gateway ports and airports.
7. Both South East roles – economic engine room and transport gateway - are at risk from major infrastructure deficits. Investment is not keeping pace with the demand from the South East's economic growth, population growth and the associated significant increase in movement of people, goods and services.
8. **If not carefully planned for, growth – including that directly or indirectly related to Heathrow Airport's expansion - will undermine future national economic success as well as the South East's ability to facilitate further housing and economic growth.**
9. SESL and SEEC understand the Government's intention, through airport expansion, to provide direct benefits for passengers, better access to UK and foreign markets for business, facilitate gains from trade and encourage greater exchange of knowledge and technology. These will help drive increased investment, choice and efficiency, thus improving productivity and innovation.
10. Access to international markets underpins South East and UK global competitiveness and inward investment. We cannot afford to undermine the

link between competitiveness and connectivity by lack of supporting infrastructure as we prepare to open up new trade deals post Brexit.

11. Whilst the Government is keen to address the imbalance in economic growth between London and the South East and other parts of the UK, there is logic in seeking to optimise economic growth as a result of expanding Heathrow Airport through strategic investments in the South East. Such investments offer the Treasury very high levels of return that can be reinvested in further growth projects UK-wide and build on the Industrial Strategy aim of extending known economic strengths.

B) Linking aviation expansion to Government's wider transport strategy

12. **The Government needs to set the expansion of Heathrow Airport in a wider transport network** that will deliver the high quality and reliable long-distance strategic routes that businesses need to maximise their productivity and economic potential via an expanded Heathrow and other international gateways.
13. The impact of airport expansion is national, not just local. Companies UK-wide rely on transport gateways in the South East to reach international markets, now and post-Brexit. However, these links are increasingly congested, causing harm to businesses, commuters, residents and the environment and reducing the UK's attractiveness for global investment. Unless the NPS includes and provides for improvements to links through and across the South East, Heathrow expansion risks making these problems worse.
14. **While access to Heathrow Airport is important, there is also a need to invest in improving transport links to other major air and sea ports, and commercial centres across the country.** There is a danger that if the NPS focuses solely on access to Heathrow it will miss opportunities to direct long-distance non-Airport traffic away from the already-congested roads and rail lines that serve the Airport and London. If the NPS takes this approach it will fail to address access problems affecting other UK airports and ports that also make a major contribution to UK economic success – in the South East these include Gatwick, Southampton, Dover and Portsmouth. The NPS should link more closely to wider transport strategy and specify that investment is required on routes that extend across the South East and the Midlands to reach other economic gateway ports and airports in the UK.
15. **The impact of congestion and lack of infrastructure investment on economic success needs to have a higher profile** within Government's draft NPS and its wider transport strategy. There needs to be greater clarity in the NPS on how Government will reduce the negative impacts of congestion on economic activity including freight movements, business journeys, tourism and commuting. SEEC and SESL believe an update of the DfT investment criteria is overdue and call on the Select Committee to support a review that would bring assessments in line with the current priority the Government places on economic growth. Greater weighting for GVA and job creation would ensure that a fair proportion of public funding

is allocated to projects that will return the economic benefits the country needs.

16. The draft NPS does not acknowledge the need for significant infrastructure investment in networks and services in the South East. There is, therefore, a risk that the NPS will provide a basis for judging applications for development and managing impacts in the immediate area around Heathrow Airport whilst ignoring the effects further afield and the real potential for increased congestion and operational costs to businesses across the UK.

Specific strategic transport proposals

17. **SEEC and SESL believe what is needed is a suite of strategic transport investments that would improve economic performance access linked to Heathrow and the South East's other global gateways.** This wider approach would reduce pressure and congestion on routes serving Heathrow by providing alternatives for economically important non-Airport traffic. By providing viable alternatives for traffic to major gateways such as Dover, Gatwick, Portsmouth, Southampton and east coast ports, the Government could free up capacity on routes such as the M4 and M25 for traffic that needs to reach Heathrow.
18. Better north-south routes through the South East will improve national access to major South East ports and airports, including Heathrow, that are **used by businesses UK-wide to reach export and tourist markets and supply chains.** Better outer orbital connectivity on east-west routes to the north and south of London, including improved arteries and new links, will support and strengthen the national network and complement radial links serving London. Such schemes would:
 - link key economic centres from East Anglia, east coast, the Midlands, South East and the South West;
 - avoid additional demands on already heavily-congested routes into and through London, the M25 and near Heathrow Airport;
 - relieve pressure on the routes serving a larger Heathrow thereby helping to maximise the connectivity and economic benefits of expanding the Airport.
19. Without investment in such strategic routes, companies across the UK which require reliable access to transport gateways to reach international markets now and post-Brexit will struggle to improve their productivity. Such companies may choose to move to alternative EU locations where infrastructure is better equipped to handle demand.
20. **SEEC and SESL have identified five key strategic transport investment priorities (Diagram 1 on page 8) that would facilitate growth at both Heathrow and other South East global gateways.** Benefits would include job creation, the reliability of imports and exports for businesses UK-wide, and the delivery of new homes more widely across the South East:
 - i. Improvements to the A34/M3 and rail links to Southampton and Portsmouth from Oxford, the West Midlands and beyond. This would support the planned 200% increase in container growth at Southampton by 2030 and significant increases in cruise passengers at both Southampton and Portsmouth.

- ii. Improvements to A2/M2 providing better access to the Channel Tunnel and Dover from London, the East, the Midlands and beyond. This would support £150bn of annual trade between the UK and Europe.
- iii. Improvements to the A27/M27/A259 from Dover to Southampton and Portsmouth, through developing coastal economies and university towns. A whole-route approach on this corridor would support economic and housing growth and provide an alternative to the M25 linking the ports of Dover, Southampton and Portsmouth.
- iv. North Downs Rail from Oxford, through Reading and Gatwick Airport to Ashford in Kent with major benefits for the national economy. This would improve links between major economic centres and Gatwick and provide a viable rail alternative to the M25, helping to reduce road congestion.
- v. Improvements to east-west connectivity including East West Rail and Oxford to Cambridge links including the Expressway and an improved A34/M40 link by expediting the plans announced in the Autumn Statement. These schemes would open up housing sites and link hi-tech economies in the Oxford to Cambridge arc, providing a road alternative to the M25 and a direct rail route to avoid the need for changes in central London.

Recommendation 1

21. The Airports National Policy Statement (NPS) needs to acknowledge and reflect the wider strategic transport needs of the South East:-

- in linking Heathrow Airport with the rest of the country and, therefore, the need for investment in routes to and through the South East to avoid the negative economic impacts of increasing congestion;
- in generating economic success and significant returns on investment and, therefore, the need for an updated, economically-focused review of DfT investment criteria.

Recommendation 2

22. The five strategic schemes in para 20 should be identified in the NPS as integral to maximising the effectiveness, opportunity and return in investment (public and private) of expanding Heathrow Airport and other global gateways in the South East.

23. Further information on the five routes identified in para 20 is provided in the South East report [Missing Links](#). The report was commissioned by SEEC, SESL and the South East Directors of Environment, Economy, Planning and Transport to set out how better South East transport links can improve UK economic potential.

C) Proposals for Heathrow surface access

24. Improvements to Heathrow surface access are needed immediately – ie before expansion. Future plans for accommodating an additional runway, handling associated extra traffic and achieving its full economic potential will only increase the need for significant improvements. Heathrow's position, on the very western edge of London, means that much of Airport traffic needs to travel via the South East.

25. As a national economic asset, surface access to Heathrow needs to be considered across a wide geography because travellers and freight will travel significant distances to the Airport. **Recognising the national**

demand for access to Heathrow, improvements should be funded by Heathrow, Treasury and national private sector investors rather than being allowed to fall on individual local authorities or LEPs in the South East.

26. Setting only a local definition of surface access will not provide adequate investment to meet the needs of a nationally significant Airport. **The scope of surface access also needs to be drawn widely to redress current problems of very poor access from many parts of the South East.** For example travel to Heathrow from parts of Hampshire and Dover takes longer than from the Wirral or Sheffield. Current problems include a lack of direct public transport access from the west and south, and high levels of congestion on the M25 and other roads.
27. There needs to be a fully integrated approach to improving access to the Airport for air travellers, staff, goods, services and freight from a wide geographical area. Better public transport access will be critical to helping to reduce road congestion, noise and pollution. Improvements need to build on existing investment plans, such as the western and southern access to Heathrow Airport, to extend direct rail services from across the South East and beyond.
28. SEEC and SESL also want to see **more ambitious targets for public transport access.** Strategic and local roads around Heathrow are already significantly congested, so the NPS position on 'airport-related traffic no greater than today' does not go far enough. The NPS should set out ambition for an overall reduction in road traffic for the expanded Airport. The NPS should also clarify measures and/ or penalties that will be used if the Airport fails to meet targets for public transport use.

Recommendation 3

29. The Committee should ensure more ambitious surface access improvements are considered over a wide geography, that:
 - actively promote public transport access and higher public transport targets, alongside setting out penalties for missing targets
 - avoid the costs of nationally-significant infrastructure investments falling unfairly on a small number of local authorities or LEPs.

D) Proposals for supporting affected communities

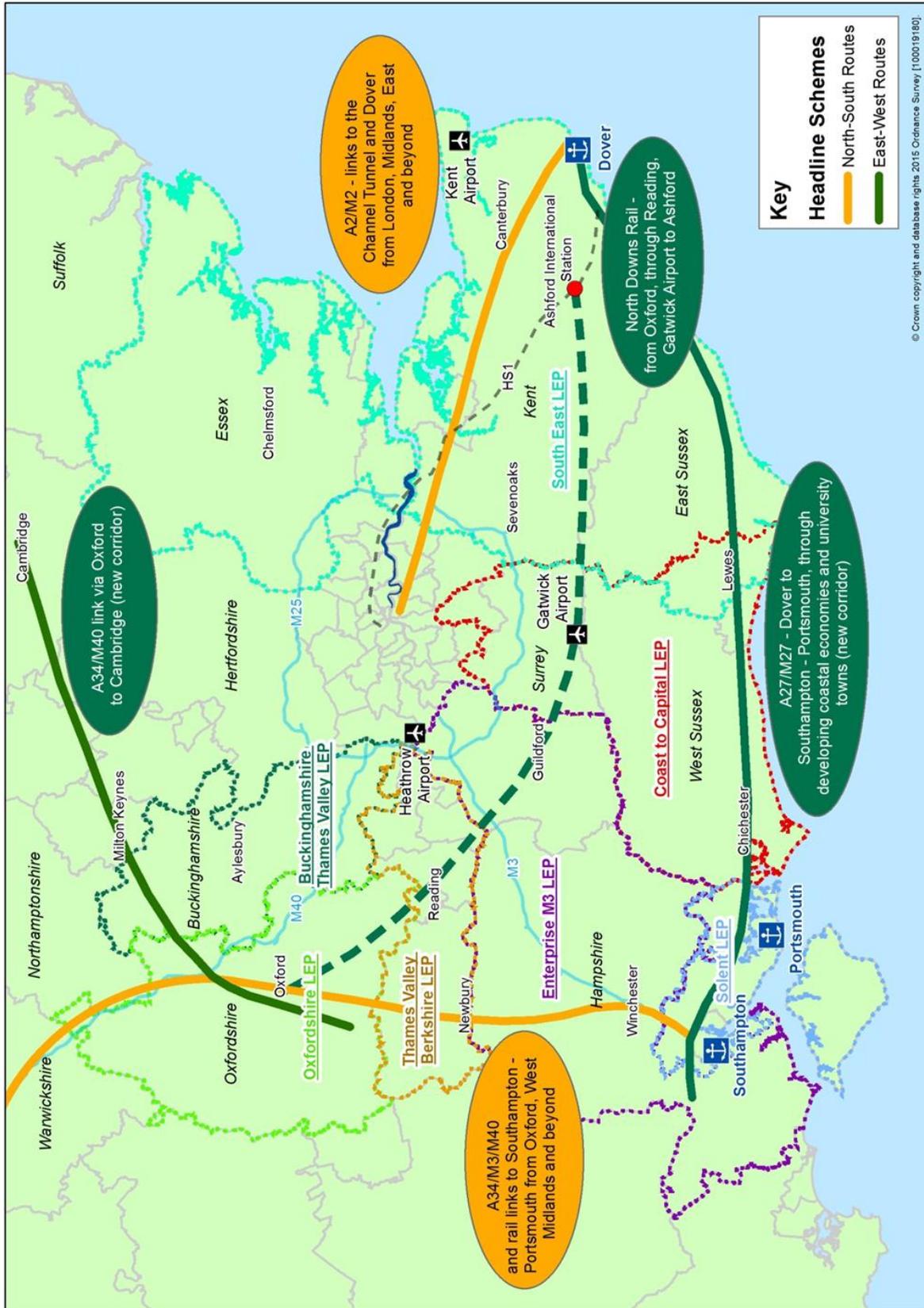
30. In addition to increasing pressure on transport, a **larger Heathrow will increase concerns about noise and air quality. Airport growth will also bring extra demands for the services that are needed to support growing local communities,** as more people move to the area to take up newly created jobs.
31. While the NPS recognises the importance of air quality and noise, **it should go further and clarify measures/ penalties that will be used if Heathrow fails to meet its targets** in these two areas. The Government should also consider how it could actively incentivise adoption of new technology and operational innovations to reduce further the impact of noise and pollution on local residents.

32. However, the **draft NPS does not acknowledge the need for significant investment in services**. Local authorities both in London and the South East will face growing demand for local services such as schools, social care, waste disposal and leisure facilities. There will, of course, also be significant extra demands for health services as the population grows.
33. Government needs to recognise and plan for the costs associated with these services to ensure communities are sustainable and local authorities/ health services are adequately funded. One option is to allow South East authorities to keep a greater share of locally-collected business rates before tariffs and top ups are applied. This would help local authorities fund some of the essential services required to meet the needs of new residents attracted by new jobs created at Heathrow.

Recommendation 4

34. The Committee should ensure that more ambitious measures are in place to ensure communities are not adversely affected by noise, pollution and underfunded local services, by:
- actively promoting technical and operational measures that will reduce pollution and noise impacts, alongside setting out penalties for missing targets;
 - taking account of the wider infrastructure needs of growing numbers of residents by ensuring adequate funding for health, schools and other local services including waste, leisure and social care.

Diagram 1: The South East's 5 key strategic transport investment priorities that would facilitate growth at both Heathrow and other South East global gateways



South East's Five Headline Strategic Transport Needs