

# MIND THE GAP

The case for supporting national economic growth through strategic transport investment in South East England



South East Strategic  
**Leaders**



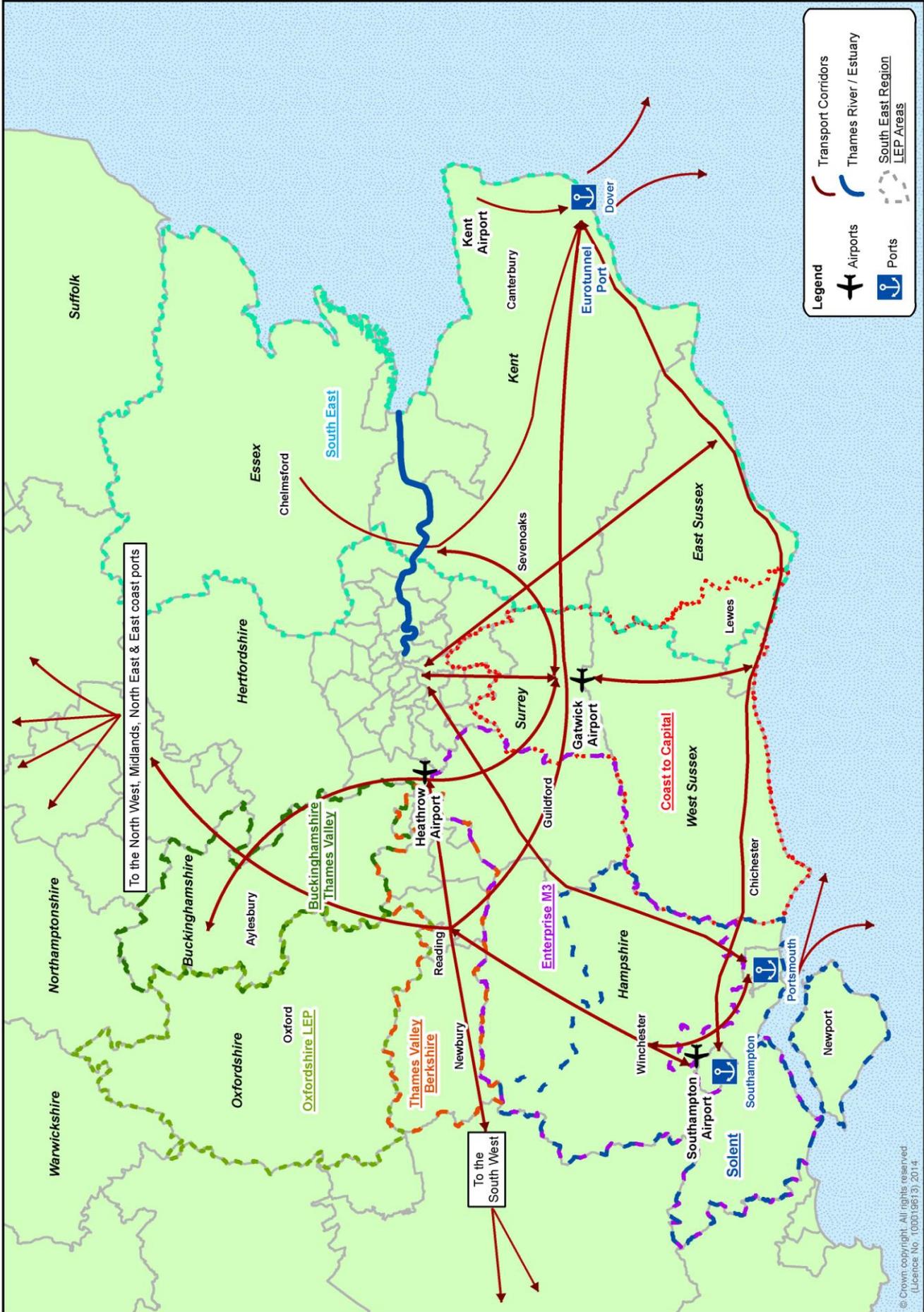
**SEDEPT**

**South East England Councils**

**South East Strategic Leaders**

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

June 2014



**Mind the Gap: Strategic transport routes to and through the South East in need of investment for economic growth**

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## The case for supporting national economic growth through strategic transport investment in South East England

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### **Acknowledgements**

*SEEC, SESL and SEDEEPT would like to record their thanks to the many councillors and officers from member local authorities and partner organisations across the South East who have made this document possible. Contributions have been invaluable in helping to quantify the economic benefits of projects and estimating costs to help illustrate the case for South East investment, even though the projects in this document are currently outside the reach of their individual organisations.*

*Cover photo: Congestion on the A3 through the South East*

# Executive summary

## Our proposition

- 1 South East England needs investment in strategic transport infrastructure in order to protect and grow its substantial contribution to the UK economy, maintain its global competitiveness and maximise its support for national economic recovery. Improving routes to and through the South East will offer major benefits for businesses across the country by providing quick, reliable, congestion-free access to the South East's nationally important ports and airports. Investing in the South East will offer an excellent return on public investment, which will pay dividends for the Treasury.
- 2 Current lack of co-ordination in national strategic transport decision-making risks killing the economic 'golden goose' that is the South East. The South East's economic contribution must not be taken for granted so that it falters through lack of investment.
- 3 Our work has identified a gap in the market for identifying and funding strategic transport projects that offer significant national economic benefits. A new approach to South East transport investment is needed to ensure the South East can continue to support UK global competitiveness and to generate profits for the Treasury that support public spending nationally.
- 4 Partners across the South East have identified a programme of 10 key transport gateways and strategic corridors in need of investment to protect and enhance national economic success. To take this programme forward Government action in partnership with South East local authorities and partners is needed in three areas:
  - i) **To establish a multi-agency project board** comprising local authorities, LEAs, Highways Agency, Network Rail, airports and central Government to agree a long term programme and funding strategy for projects which offer national economic benefits, including the South East's 10-point programme.
  - ii) **To create a balanced and increased national investment portfolio that includes high return projects in the South East.** We want to negotiate an agreed proportion of the Government's committed increase in infrastructure investment to be allocated to nationally-significant strategic transport improvements that offer an excellent return on investment for public funds. High return projects in the South East should balance investments in riskier regeneration projects elsewhere. Government funding increases through Rail Control Period 5 and the Road Investment Strategy are welcome but we would also like to see further increases as transport – particularly in the South East – is a critical factor in economic success.
  - iii) **To explore options allowing local authorities to supplement Government funds.** This is not simply a begging bowl from the South East. While central Government certainly has a role in funding schemes that will have national impact, we also want Government to support councils' own contributions to growth by:
    - Allowing local authorities to retain a greater share of business rates to support cross-boundary infrastructure projects
    - A South East investment fund for strategic transport, similar to the fund offered in the Birmingham area city deal
    - Allowing the South East to receive a share of the area's tax revenues to fund strategic transport improvements, similar to the Manchester city deal
    - Considering tolls on suitable projects, such as the Lower Thames crossing
    - Greater freedom for local authorities and partners to raise funding to invest in strategic infrastructure projects.

## **Why South East investment is important**

- 5 **The South East as a global economic competitor** – The South East economy competes globally not nationally – we have an economy larger than the United Arab Emirates and only slightly smaller than South Africa. Without strategic investment in high quality transport infrastructure we run the risk of losing businesses – not to other parts of the UK but to international competitors.
- 6 The South East is also the UK's most profitable economy. Figures show that the South East pays considerably more in taxes than it receives in public spending – creating a net 'profit' for the Treasury. The South East was the biggest net contributor over the 10-year period 2002-12, generating a profit of £80bn for the Treasury. This compares to London's £74.8bn over the same period. Continued returns from the South East are important as this 'profit' helps fund public spending UK-wide.
- 7 A comparison with England's 8 core cities also shows the value of the South East economy. From 2007-12, Gross Value Added (GVA) in the South East exceeded the combined GVA of all 8 core cities. The South East's GVA is also larger than the combined GVA of Scotland, Wales and Northern Ireland.
- 8 **The South East as a national economic gateway** – Transport infrastructure in the South East is an essential network for businesses all over the UK, providing links to overseas markets and supply chains. By failing to invest we risk adding to the congestion, frustration and costs that businesses across the UK face every day when travelling along the South East strategic transport corridors to reach our international gateway airports and ports. Figures from the Freight Transport Association, for example, put the cost of traffic congestion at £1 per minute for their members. Our area is also home to major – and often overcrowded – commuting routes that are an essential lifeline for businesses.
- 9 Improving strategic transport routes in the South East will support economic growth both nationally and locally – bringing an excellent return on investment for public funds. Better, more reliable transport links will attract new businesses and jobs to the South East against international competition. Better access to our major gateways will allow those ports and airports to grow, creating further jobs. We believe our 10-point investment programme will not only support new growth but will also help improve productivity by reducing the cost impact of congestion for businesses.
- 10 While we have focused mainly on the economic benefits, our projects also offer wider benefits in areas such as carbon reduction, improving quality of life and affordability.
- 11 The ability of South East strategic projects to grow our own already-strong economy and provide wider national economic benefits will ensure that public investment in the South East delivers an exceptional return for the Treasury. That return will include increased taxes as businesses grow and create new jobs. At the same time reduced congestion will help increase business productivity.

## **Why a new approach is needed**

- 12 Our work has identified a 'gap in the market' for strategic large-scale transport schemes that offer national benefits. We have identified a programme of 10 key transport gateways and strategic corridors in need of investment, all of which exceed local spending capacity. Rail projects range from £6.5m for lengthening trains on the North Downs Line up to potentially £20bn for the Crossrail 2 regional route. Individual road projects in our programme range in scale from £15m-£30m for an alternative to Operation Stack up to potentially £5.5bn for the new Lower Thames Crossing.

- 13 Despite the major national and local economic benefits these schemes would deliver, they are unable to progress because the costs are beyond local means and they do not yet feature in Government's national transport programme.
- 14 South East local authorities, Local Enterprise Partnerships and their partners have limited access to central funds and limited powers to raise funds for the type of strategic projects required. Unlike London or core cities, the South East's councils and LEPs do not have the mechanisms in place to fund large scale strategic transport projects. There are also questions about whether such nationally-significant investment should need to come from a single area such as the South East.
- 15 Funding problems are compounded by the fact that there is no single funding route open to South East partners to ensure a strategic approach to investment in nationally significant transport projects. For example Highways Agency and National Rail have separate funding programmes but there is no clear way to pull investment together to ensure a co-ordinated, coherent programme for projects that cross multiple local authority and LEP boundaries.

### The programme

- 16 The South East strategic transport programme has been drawn up with input from local authority Leaders, officers and a number of LEPs to complement local projects that are already underway or planned. Our 10-point programme is split into gateway routes and strategic corridors and aims to achieve one or more of the following:
- **Better road and rail access to nationally important ports and airports** (including Dover, Southampton, Portsmouth, Gatwick, Heathrow). These projects would benefit freight, business and leisure passengers UK-wide.
  - **Reducing delays and bottlenecks on strategic road corridors** (such as M25, M3, A3, A27, A21) as congestion can cost businesses £1 per minute.
  - **Increasing capacity at central London rail stations to cut overcrowding for commuters into London or the South East** (for example upgrading sections of the South West mainline).
  - **Improved cross-country road and rail routes linking South East economic areas without the need to travel via central London** (including improvements to rail links from Reading through Surrey to Kent and Eurostar services).
- Chapter 3 sets out our programme in full.

### Next steps

- 17 We would welcome discussion with Ministers on how to take forward our transport investment programme which will allow the South East economy to deliver national benefits for UK PLC. In particular we want to work with central government and partners on our three step plan to gain agreement to:
- Establish a new multi-agency project board
  - Create a balanced national investment portfolio
  - Allow funding options that will enable local authorities to support strategic transport investment.

# 1. Why South East strategic transport investment will pay dividends for UK plc

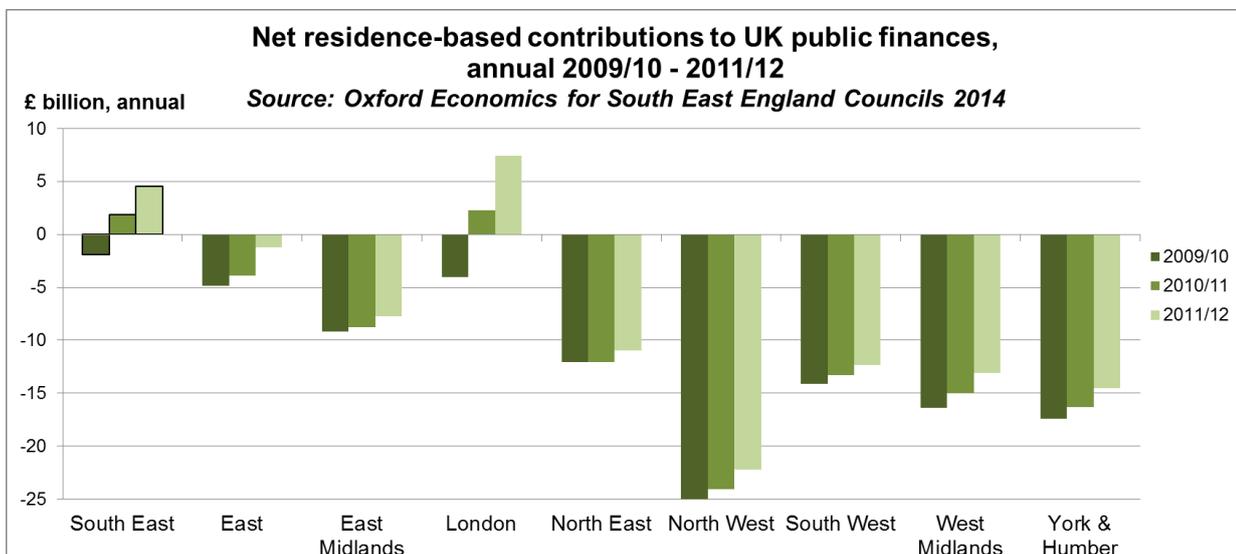
## Our world class economy

- 1.1 Significant transport investment in the South East is important to grow the UK's most profitable economy. The South East competes globally not nationally, so without high quality transport infrastructure we run the risk of South East success ebbing away to international competitors. However, there is currently a gap in the market where local partners lack the means to take forward genuinely strategic transport projects that are critical to continued national and South East economic success.
- 1.2 The South East and London together form the economic powerhouse of the UK economy. Both areas deliver strong GVA and significant 'profit' for the Treasury. These South East profits help fund public spending across the UK.
- 1.3 Figures for 2011-12 show that the South East paid £4.5bn more in taxes than it received in public spending – one of only two net contributions in England. London also made a net contribution but all other areas of England received more funding than they paid in taxes (See chart 1 below). Table 1 below also shows the South East as the biggest net contributor over the 10 years 2002-12 at £80bn compared to London's £74.8bn.

**Table 1: Financial contributions to UK finances**

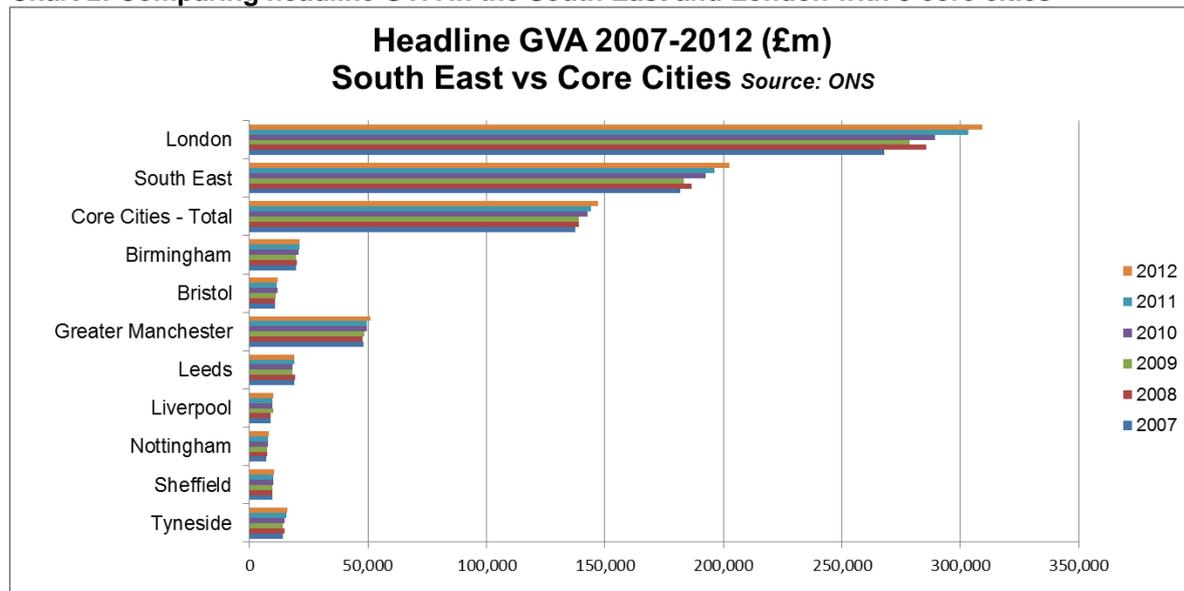
<b>Net residence-based contributions to UK public finances</b>	
<i>Source: Oxford Economics for South East England Councils 2014</i>	
<b>10 year total contributions, 2002/03 to 2011/12, £ billion</b>	
<b>South East</b>	80.0
East	24.8
East Midlands	-38.8
London	74.8
North East	-84.8
North West	-157.9
South West	-70.8
West Midlands	-83.8
York & Humber	-101.1

**Chart 1: Comparing net contributions to UK finances**



- 1.4 The South East's success also outstrips cities on economic growth measures, such as Gross Value Added (GVA). An area's GVA calculates the value of goods and services produced there. Chart 2 shows that the South East's GVA far exceeds the contribution of individual cities or groups of cities. The current focus on city-based growth, including deals to devolve funding and powers for transport and other infrastructure, largely misses the opportunity to exploit the economic benefits to be gained from investing in the South East.
- 1.5 In the period 2007-12, even the **combined** GVA of 8 core cities (Tyneside, Sheffield, Nottingham, Liverpool, Leeds, Birmingham, Bristol and Greater Manchester) was below the GVA generated by the South East. The South East's proximity to London means we have no 'core' cities of our own but a network of smaller cities and towns. However, the strength of our economic performance demonstrates that the South East should be an equal contender for public infrastructure funding, investment and devolved powers.

**Chart 2: Comparing headline GVA in the South East and London with 8 core cities**



- 1.6 At £203bn the South East GVA also exceeds the **combined** GVA of Scotland, Wales and Northern Ireland. Together these three contribute a GVA of £183bn. Despite the South East's greater economic returns and potential, our locally elected politicians do not have the devolved powers and spending decisions available in Scotland and Wales to drive investments and economic growth.
- 1.7 In international terms, the South East has the world's 30th biggest economy – currently larger than the United Arab Emirates and only slightly smaller than South Africa (2011 figures). The South East has a world class economy that needs infrastructure investment to allow it to continue to compete with other global players.
- 1.8 Improving strategic transport routes in the South East will support economic growth both nationally and locally – bringing an excellent return on investment for public funds. Better, more reliable transport links will attract new businesses and jobs to the South East against international competition. Better access to our major gateways will allow those ports and airports to grow, creating further jobs. We believe our 10-point investment programme will not only support new growth but will also help improve productivity by reducing the cost impact of congestion for businesses from all over the UK who need to access the South East's international ports and airports.
- 1.9 Despite the South East's clear potential to help drive continued national economic recovery, public spending and powers to raise investment in the South East lag behind other areas of the UK. This leaves us with an investment deficit and a strained infrastructure network that makes it difficult for the South East to maintain the global competitiveness that drives our

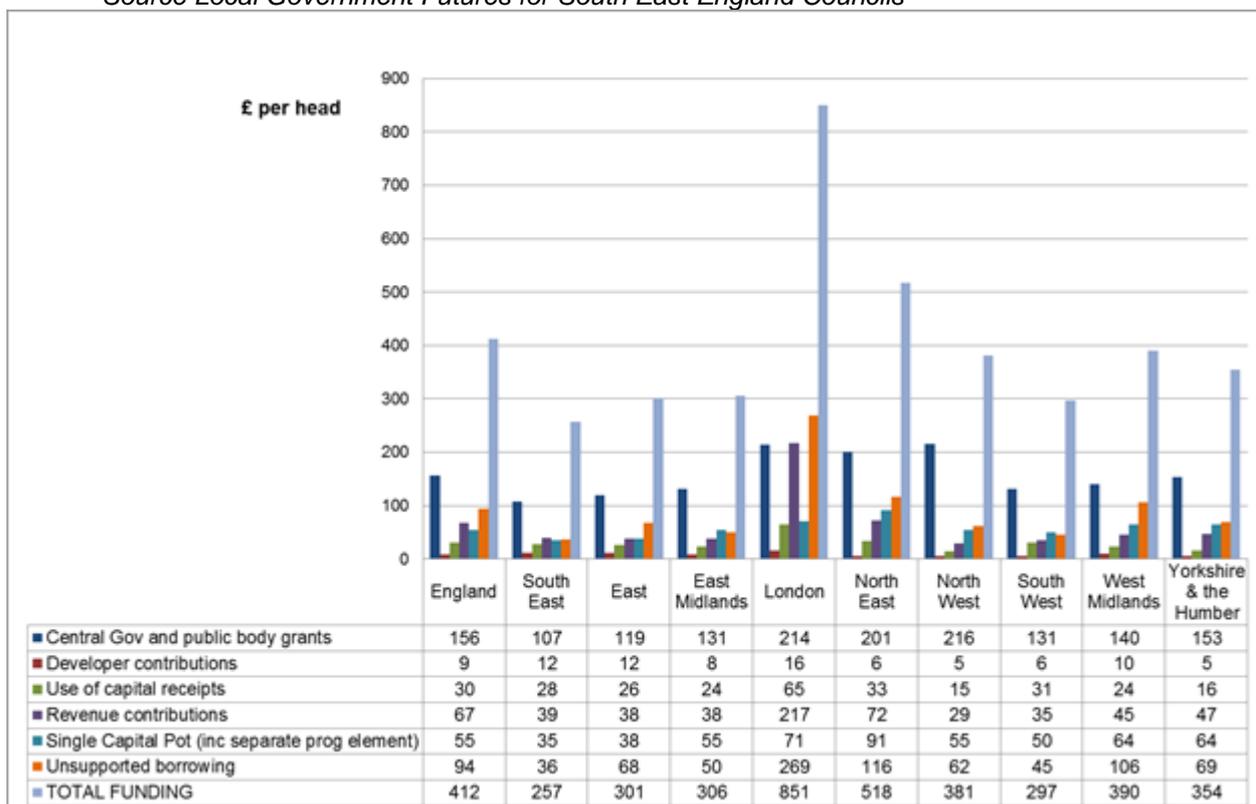
economic contribution. If not addressed, we risk losing companies in our globally competitive sectors. High profile companies currently in the South East include BP, ExxonMobil, McLaren, BAe, BMW, Toyota, Pfizer, Novartis, Canon, SABMiller, Proctor & Gamble, Centrica, Ericsson and Electronic Arts.

1.10 Chart 3 shows the South East trailing behind other areas of the country in capital spending. In 2009-10 average funding in the South East was the lowest in England at £257 per head, compared to the English average of £412 per head. The South East received the lowest per capita levels of central grants and single pot allocations across England – half the amount received by London and 48% of the North East’s funding. Higher levels of central investment contribute to capital spending of £518 per head in the North East – just over twice the South East level. In London spending was £851 per head – more than 3.3 times the South East amount.

1.11 While chart 3 covers all capital spending, specialist finance consultants Local Government Futures have broken the figures down further. Their analysis shows that between 2005-06 and 2009-10 the South East received the lowest level of capital funding for highways and transport at just £43 per head – compared to an average across England of £89 per head. The highway and transport funding figures exclude the Greater London Authority, which received £226 per head over the same period.

**Chart 3: Capital funding per head by area 2009-10**

Source Local Government Futures for South East England Councils



## Our role as a national transport gateway

1.12 A major factor in the South East’s economic success is our role as the UK’s main gateway to the rest of the world. UK businesses rely heavily on routes through the South East to help them access overseas markets and supply chains. Improvements to these routes will benefit businesses and travellers from across the country who need to reach these gateways. For example:

- Gatwick as the UK’s second biggest airport (34m passengers in 2012)
- The Channel Tunnel (19m tonnes of rail and lorry freight in 2013; 1.4m trucks and 2.5m cars in 2013 plus 10.1m high speed rail passengers)

- Key ports including Southampton, Portsmouth, Folkestone and Dover. In addition, the UK's largest airport Heathrow (70m passengers in 2012) sits on the London/South East border and relies extensively on transport links from and through the South East.

- 1.13 Within the UK, the South East also has important strategic corridors that support:
- Significant road and rail commuting to London. In total some 1.16 million commuters enter central London daily in the morning peak, some 523,000 by rail and 67,000 by car<sup>1</sup>.
  - From the South East a total of 421,272 commuters travel daily into London. The top London destinations for South East commuters are City of London, Southwark and Westminster, with these three boroughs accounting for 41% of the South East total.<sup>2</sup>
  - At the same time, 153,140 commuters travel out of London to work in the South East (source as above).
  - Some of the UK's busiest motorways, including the M25, M4, M3 and M40. Motorways in the South East carry 25% of all motorway traffic in England, equating to some 22.4 billion vehicle kilometres<sup>3</sup>.
  - Deliveries generated by the significant growth in e-commerce and online shopping in the UK. In 2011, UK consumers spent £68.2bn online (source: Booz and Allen) and 9% of UK retail sales in 2011 were online, the second-highest in the world. Amazon accounted for 21.4% of the online entertainment market with some £5.5bn in sales. Without the efficient movement of these goods and services, trade would suffer.
- 1.14 Although existing road and rail assets ensure the South East has the basis of an effective transport network, growing demand has put much of this ageing infrastructure under intolerable pressure. Many parts of the network are operating at or beyond capacity – for example:
- The South East has the highest levels of road congestion and the most overcrowded trains in the UK. DfT 2012 figures show the South East has the two most overcrowded train services in the country (the 07.44 Henley-on-Thames to Paddington - load factor 180% - and the 07.32 Woking to Waterloo - load factor 164%).
  - Road and rail access to our ports is relatively poor
  - Journeys on both road and rail are unreliable, with frequent delays
  - Maintenance of roads and bridges has not kept pace with their deterioration from weather effects and high levels of use.
- 1.15 A business considering locating in the South East might conclude that it is a great location let down by a tired and inadequate transport network. If this view prevails there is a high risk that it will damage the whole UK economy. The South East competes globally rather than nationally, so companies deterred by our poor transport are more likely to consider Germany, France or Spain rather than an alternative location within the UK.
- 1.16 Current lack of co-ordination in national strategic decision-making risks contributing to a continuing lack of investment to tackle the transport problems facing the South East. While Highways Agency and Network Rail both have funding programmes, there is no clear way to pull investment together to ensure a co-ordinated, coherent programme for nationally significant projects across multiple boundaries.
- 1.17 Local authorities are doing what they can to improve local transport conditions but in many cases long term, strategic, cross boundary solutions involve large projects of national importance, which are beyond the funding means of individual councils, LEPs or groups of local partners.

<sup>1</sup> Source: Transport Statistics Great Britain, Table TSGB0106, 2011 data

<sup>2</sup> Source: ONS Annual Population Survey (aggregated district 2011 commuter flows)

<sup>3</sup> Source: Department for Transport statistics, Motor vehicle traffic by road class and region and country in Great Britain, annual 2012, Table TRA0203

- 1.18 Government initiatives are helping councils tackle **local** transport problems and congestion. For example:
- Devolution of major scheme funding to Local Transport Bodies
  - The Highways Agency “pinch points” programme and the extension of managed motorways
  - The new local pinch point fund
  - The Local Sustainable Transport Fund is helping to encourage greater use of public transport, walking and cycling, which is reducing congestion and stimulating retail spending by making town centres more attractive
  - The local focus of Network Rail route strategies.
- 1.19 However, our work has identified a ‘gap in the market’ for large scale transport schemes that offer national benefits – but at present these projects are unable to progress because the costs are beyond local means and they do not feature on Government’s national transport programme.
- 1.20 The gap means we lack the ability to support the more ambitious, cross boundary schemes in the South East with potential to tackle the major bottlenecks that cause delays and increase costs for businesses both nationally and locally.
- 1.21 Where more ambitious, larger scale projects have previously been approved in the South East – for example the A3 Hindhead tunnel and M25 widening – these are already beginning to show improved journey times, reduced congestion and more reliable journey times. There is clear potential to expand on the successes already achieved through these strategic investments to help the South East maximise national and local economic growth potential.

## **Four key benefits of investing in the South East**

- 1.22 While economic growth is a key driver for strategic transport investment in the South East, our work has also considered wider benefits that would be gained from transport improvements. We have considered four key policy principles that should underpin investment decisions. Investment in strategic transport in the South East would support all these objectives. For example:

### **Economic growth**

- Bolster the South East’s gateway role and improve national access to export markets by improving key road and rail corridors linking London, the airports and ports with towns and cities across the UK.
- Maintain the UK’s position as an international air hub by making it easier for residents and businesses to travel to major airports.
- Improve journey time reliability and reduce congestion by tackling pinch points and reducing the impact of incidents which cause major delays.
- Provide better commuter transport links to connect jobs and housing.

### **Carbon and the environment**

- Promote alternatives to the car, for example through rail projects in this proposal. Extending the Local Sustainable Transport Fund would also help this at a local level.
- Start a rail renaissance to make better use of trains, promoting them as an attractive form of transport for passengers and freight by reducing bottlenecks to increase capacity, reduce overcrowding and improve journey times.
- Protect and maintain existing transport assets, such as the condition of roads and bridges.

### **Quality of life**

- Improve the quality of retail centres’ transport access and street scene, making them attractive places for residents to visit, to work and to shop.

- Improve transport and commuting links to support business premises, industrial estates and other main centres of employment, making them attractive and easily accessible for businesses and workers.

### **Affordability**

- Focus on identifying projects that are truly strategic and which offer benefit not only for the South East but for the wider UK economy. These projects offer excellent value for money as they can deliver high returns on capital employed, that will be seen through national and local economic benefits.
- Consider innovative ways of funding projects by entering a long term partnership with local authorities and LEPs.

## 2. A new way forward to fill the strategic transport gap

- 2.1 Investment in transport projects in the South East has potential to deliver significant benefits for the national economy as set out in chapter 1. While Government has helped local areas take forward local transport improvements there is a gap in the market for strategic investment.
- 2.2 Working together across the South East we have identified a strategic transport programme that will fill the gap. We have highlighted a programme of 10 key transport gateways and strategic corridors where investment is needed to support jobs growth, competitiveness and productivity. Our programme of projects – set out in chapter 3 – will deliver national economic benefits and an excellent return on investment by:
- Improving links to nationally important international gateways
  - Reducing costly congestion on some of the UK's busiest road and rail routes
  - Increasing connectivity between economic areas within the UK.
- 2.3 There is a highly compelling case for investing in our programme of strategic transport schemes. The South East is essential to the success of the UK economy as a whole. If the South East fails, the rest of the country fails too but if the South East continues to grow – with help from strategically planned transport investment – it can drive a sustainable national recovery from recession.
- 2.4 To drive forward the right investment we propose three steps:
- i) **Establishing a multi-agency project board** comprising local authorities, LEPs, Highways Agency, Network Rail, airports and central Government to agree a long term programme and funding strategy for projects which offer national economic benefits, including the South East 10-point programme.
- ii) **A balanced and increased national investment portfolio that includes high return projects in the South East.** We want to negotiate an agreed proportion of the Government's committed increase in infrastructure investment to be allocated to nationally-significant strategic transport improvements that offer an excellent return on investment for public funds. High return projects in the South East should balance investments in riskier regeneration projects elsewhere.
- Government's national funding increases, including £38bn for Rail Control Period 5 and £28bn for the Road Investment Strategy are welcome. However, we would like to see further increases for both road and rail, given the critical importance of transport to economic success. This is particularly important in the South East to help take forward our 10-point programme and start to realise the national economic benefits that it can deliver.
- We support Government's aim to raise the UK's road quality ranking from 24<sup>th</sup> in the world but believe that more funding will be required to bring us up to the standard of our international competitors. We would also like to see an increase in rail funding for Control Period 6 to continue to address South East rail overcrowding, reduce pressure on London stations and cut journey times.
- iii) **Exploring options allowing local authorities to supplement Government funds.** This is not simply a begging bowl from the South East. While central Government certainly has a role in funding schemes that will have national impact, South East councils also want to do all they can to drive local investment.
- At present, limited devolution of finance and powers is preventing local authorities from maximising their contribution to local economic growth. Government should support councils' ambition by:

- Allowing local authorities to retain a greater share of business rates to support cross-boundary infrastructure projects
- A South East investment fund for strategic transport, similar to the fund offered in the Birmingham area city deal
- Allowing the South East to receive a share of the area's tax revenues to fund strategic transport improvements, similar to the Manchester city deal
- Considering tolls on suitable projects, such as the Lower Thames Crossing
- Greater freedom for local authorities and partners to raise funding to invest in strategic infrastructure projects.

### 3. 10-point investment programme – filling the gap in the market

- 3.1 In terms of infrastructure, the South East’s national economic importance hinges on two key factors:
- Our gateway function providing international links between the UK and the rest of the world
  - The importance of our strategic corridors linking major economic markets both within the South East and in other areas of the UK – for example links from midlands distribution centres to customers in the South East and London.
- We have identified a programme outlining 10 gateways and strategic corridors where investment is needed at present. Without this investment the South East’s global competitiveness will decline, reducing our ability to sustain our invaluable contribution to national economic success.
- 3.2 Our programme includes both road and rail projects. While we are home to nationally significant road routes, rail commuting is also a key part of the South East’s transport and economic picture – both for 420,000+ people travelling daily from the South East to work in London and for 150,000+ who travel from London to work in the South East. Many of the rail projects listed here will help relieve pressure on commuting capacity into and out of London by offering more direct, cross country alternatives for those who do not need to travel via central London.

#### Four Gateway projects

3.3 Investing in improving the gateway function for the South East would deliver benefits both locally and for the wider UK economy by giving better access to export and tourist markets and overseas supply chains. Critical gateways and specific projects are listed below – each one setting out the improvements required and the benefits that would be achieved.

#### 3.4 London Orbital routes with links to the Channel

These are a number of critical routes through the South East that need to operate well to ensure effective links between the UK and continental Europe for both freight and passengers.

For example, there is significant potential to provide better road and rail access to Kent, including the Channel Tunnel and Port of Dover. In addition to several projects in Kent providing direct links to Europe, there are also other orbital routes that offer substantial economic benefits. For example improvements along the North Downs rail line would not only increase connectivity between Surrey, Berkshire, Hampshire, Kent and on to the Channel Tunnel but also ease pressure on London stations by allowing passengers to use an orbital alternative to rail journeys in and out of congested London stations. Future investment should be targeted to the following projects:

Improvements	<ul style="list-style-type: none"> <li>• <b>Maintain &amp; improve the M2/ A2 and M20/ A20 corridors</b></li> </ul> <p>A number of junction upgrades on the M2 and M20 are required, as well as dualling of the remaining single carriageway sections of the A2 and realignment of the A249.</p>
Benefits	Improved level of service on these strategic corridors through Kent which carry a high proportion of international traffic vital to the UK economy. These improvements will also significantly increase the benefits of an additional Lower Thames Crossing.
Cost estimate	£500 million

Improvements	<ul style="list-style-type: none"> <li>• <b>Expedite the additional Lower Thames Crossing to the east of the Dartford Crossing</b></li> </ul> <p>A swift decision on preferred route for the crossing will create a much-needed new strategic route from the Channel to the midlands and north. To maximise this benefit, additional improvements will be required to the M2/ A2 (Junctions 5 and 7, and sections of dualling on the A2), A249 and M20 – as outlined above.</p>
Benefits	<p>Improved access to Channel Tunnel/ Dover Port, particularly from midlands distribution centres and the north. Improved network resilience and journey time reliability, reducing costly delays for hauliers travelling through Kent between Europe and the UK.</p> <p>On a highly congested route, extra capacity is urgently needed to reduce delays caused by congestion, currently estimated to cost £40m a year. As a minimum – depending on the option chosen – a new crossing would support 160,000 jobs and 225,000 new homes in Thames Gateway, Europe's largest regeneration area.</p>
Cost estimate	£1.2bn to £5.5bn depending on option selected
Improvements	<ul style="list-style-type: none"> <li>• <b>Long term solution to Operation Stack and overnight lorry parking</b></li> </ul>
Benefits	<p>Reduce delays for hauliers, currently estimated to cost the industry £1m a day. The Freight Transport Association calculates that congestion costs its members £1 per minute.</p> <p>An under-supply of overnight lorry parking in Kent causes issues of network disruption and anti-social behaviour. Provision of additional overnight parking, as well as Operation Stack parking, will minimise disruption on this international corridor and provide an increased level of service for freight haulage.</p>
Cost estimate	£15m-£30m
Improvements	<ul style="list-style-type: none"> <li>• <b>Develop the Ashford/Redhill/Reading rail corridor as a strategic route, including train lengthening, a Redhill flyover and electrification of the North Downs Line.</b></li> </ul>
Benefits	<p>Improvements on this line should link to the proposed East-West rail at Reading.</p> <p>This route has potential to improve commuter, leisure and business access to employment and retail centres - such as Reading, Guildford and Redhill/Reigate - as well as Gatwick airport. Significant employment growth is forecast in these areas over the next 20 years.</p> <p>Electrification would improve integration with the rest of the network. Faster operating speeds would cut journey times on the line and allow additional services. This package, supplemented by longer trains and new rolling stock, would encourage modal shift to rail for journeys across the South East. The route also has significant potential to release capacity on train routes to and from central London and relieve congestion on the M25 by providing direct rail routes with no need to change trains in central London.</p> <p>Development of this line would link to the proposed East-West Rail at Reading, which will see orbital services from Reading to Bedford, via Oxford (and beyond in the long term). Upgrading the North Downs Line would extend this route around the south west of London and into Kent, with potential to provide connections to HS1 rail and the Channel Tunnel.</p>
Cost estimate	Train lengthening: present value of costs, accounting for operating costs and fare income, is estimated at

<p>£6.5m (2002) over a 30 year period. Present value of Rail User and Non-User benefits estimated at £10.7m.  Net benefit: £4.2m over 30 years.  Electrification: Cost of electrification is estimated to be in the region of £1m per kilometre, totalling £60m-80m.  Redhill Flyover: £40m – 60m.</p>
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3.5

**Routes to Southampton, its port, airport and neighbouring south coast economies**

The Port of Southampton and Southampton Airport are key international gateways for the UK economy. Better transport to the area would also improve access to significant economies in South Hampshire, Southampton, Portsmouth and the Isle of Wight. Improved road and rail access via the M3/A34 corridors is critical to future growth. Recent investment in the rail corridor to accommodate W10 gauge container wagons has brought a substantial increase in rail borne traffic but more investment is required if this potential is to be exploited to the full:

Improvements	<ul style="list-style-type: none"> <li>• <b>Improve junctions and capacity along the M3/ A34, including the bottlenecks at junction 9 of the M3 and the M3/ A34 junction.</b></li> </ul>
Benefits	<p>The changes would deliver better access to Southampton Port and its neighbouring economies in South Hampshire, Southampton, Portsmouth and the Isle of Wight.</p> <p>The Port itself is planning for 204% container growth and 173% growth in cruise passengers by 2030. It is currently the UK's second largest container port handling 44m tonnes of cargo each year and the largest cruise port. Recent figures show the maritime economy in the Solent area supports 77,000 jobs. Expansion will increase direct and indirect employment.</p> <p>The A34 and M3 route is an important freight and passenger link to the midlands and north. The route also supports the nationally significant Science Vale Enterprise Zone, which currently employs over 13,000 people in one of the UK's leading R&amp;D centres.</p> <p>Turning the M3 into a managed motorway offers potential to improve traffic access to these key economic areas without the need to widen the motorway.</p>
Cost estimate	<p>A34 improvements: up to £750m  M3 junction 9: £50m - £100m</p>

Improvements	<ul style="list-style-type: none"> <li>• <b>Electrification of rail lines to Southampton</b></li> </ul>
Benefits	<p>Improved rail access to the port for freight traffic will reduce road congestion, help manage environmental impacts and support the Port's aim to increase containers arriving by rail from 25% to 40% by 2030.</p> <p>This would form part of a rail 'electric spine' linking Southampton and the midlands.</p> <p>Co-ordinating rail improvements with electrification of Great Western Main Line services will also help increase capacity through Reading station. Upgrades to the passenger rail services would also be welcome but need to be compatible with plans for the South West mainline to maintain connectivity between different rail routes.</p>
Cost estimate	<p>Midlands to Southampton electric spine: £4.2bn</p>

### **Heathrow Airport**

Heathrow is the UK's only international hub airport and access to/ from the airport is consistently identified as a priority for businesses. Although just outside the South East boundary, transport improvements from the South East are critical to reducing road and rail congestion both in the South East and in London. Future investment to deliver economic benefits should include:

Improvements	<ul style="list-style-type: none"> <li>• <b>Expediting western rail access improvements to Heathrow from the Great Western Main Line.</b> This will complement ongoing work to remove the bottlenecks at Reading Station and Oxford Station. Coordinating this project with removing bottlenecks at Reading station and delivery of Crossrail will also offer a significant upgrade in links to and through the South East.</li> <li>• <b>Better public transport access to the airport is urgently needed from the south, through South West London, Surrey and Hampshire.</b></li> </ul>
Benefits	<p>Heathrow is the UK's largest airport, handling 70 million passengers in 2012 and 1.6 million tonnes of freight and mail in 2011.</p> <p>Western access to Heathrow will provide a step change in access to Heathrow for up to 12 million people from the South East, South West, Wales and beyond.</p> <p>Benefits would be seen for Heathrow and the wider Thames Valley. Better rail and public transport access to Heathrow and the Thames Valley will significantly reduce road congestion, including on the M25 and M4.</p> <p>Estimates show that 1 million journeys would switch from road to rail, freeing up road capacity and reducing CO<sup>2</sup> from vehicles by 5,100 tonnes pa.</p> <p>Western rail access would also offer wider economic benefits outside the airport. Investment now would help secure the future of 17 million square feet of Thames Valley office space due for renewal in the next three years and move some 500,000 commuter journeys from road to rail.</p> <p>Increasing demand for travel to Heathrow will require improved access to/ from the south. Rail options to be investigated include the extension of Crossrail services into Surrey and beyond. Other public transport options include an improved bus and coach network facilitated by public transport priority measures.</p>
Cost estimate	<p>Western rail access to Heathrow: £750m</p> <p>Better public transport from the south: £50m-£100m</p>

### **Gatwick Airport**

Gatwick continues to grow in importance, helped by some improvements at the rail station and along the A23. Further potential for growth and related economic development will increase the pressure on the transport system, particularly overcrowding on the Brighton Main Line rail route. Investment needed includes:

Improvements	<ul style="list-style-type: none"> <li>• <b>Gatwick Airport/ Brighton Mainline rail improvements</b></li> <li>• <b>Improve M23 south of the M25</b></li> </ul>
Benefits	<p>Increase rail capacity and resilience on the Brighton mainline rail, improving access to the UK's second busiest airport and the creative economy in the Brighton area.</p>

	<p>Bottlenecks at East Croydon and Clapham Junction need to be addressed to improve rail access to these two key areas.</p> <p>There is also further potential to improve rail resilience and increase passenger capacity by creating a second Brighton Main Line by re-opening the Lewes-Uckfield rail line.</p> <p>Road access to Gatwick is hindered by the fact that some key sections and junctions of the M23 are operating beyond designed capacity. This causes congestion on the M23 and beyond as traffic diverts to other routes, leading to unreliable journey times and poor air quality. M23 junctions 9, 9a and 10 are in particular need of urgent improvement to reduce congestion. While National Infrastructure Plan managed motorway proposals for junctions 8-11 are welcome, implementation post 2020 will not address immediate problems so we would like to see this project brought forward.</p> <p>Gatwick is a key driver of economic growth. The airport handled 34m passengers in 2012 and contributed £2bn to the economy, employing 21,000 people directly and supporting another 20,000 indirect jobs. Gatwick's submission to the Airports Commission estimates a second runway would help the airport deliver 19,000 additional jobs and a further £1.66bn economic contribution. The Gatwick Diamond economic group, centred on the airport, is also seeking significant jobs growth which will further increase demand for better transport links. Experience with the East-West Rail project demonstrates the ability to secure substantial investment in restoring strategic rail corridors.</p>
<p>Cost estimate</p>	<p>Remove bottlenecks on the London to Brighton mainline: Network Rail cost estimates in development (April 2014)</p> <p>Improvements to M23: junctions 9, 9a and 10: £3m</p> <p>Improved Gatwick access by re-opening the Lewes-Uckfield line: up to £2bn</p>

### Six Strategic Corridor projects

3.8 Investing in the South East's strategic transport corridors will also deliver both local and national economic benefits, improving access between key internal markets within the UK. As the UK's most populated area, the South East is an important market for goods and services. The South East's gateway role continues to be highly relevant in defining strategic corridors as many are busy routes through our area that provide vital access to our ports and airports.

### The M25

The M25 is an essential route through the South East economic area and for its gateway ports and airports for business, freight and tourist traffic from all over the country. Investing in the M25 should be a national priority.

<p>Improvements</p>	<ul style="list-style-type: none"> <li>• <b>Improve the capacity of M25 junctions, for example Junction 5 on the M25/ M26</b></li> <li>• <b>Explore local management of M25 &amp; other motorways</b></li> </ul>
<p>Benefits</p>	<p>The addition of east-facing slip roads at Junction 5 on the M25/ M26 will significantly improve access for this key traffic route. It will improve connectivity and facilitate inward investment to West Kent and coastal East Sussex. On management of motorways, many South East local authorities are keen to take over responsibility from the</p>

	Highways Agency, arguing they could provide a more responsive, locally-focused service often at lower cost.
Cost estimate	Improving M25/ M26 junction 5 – preliminary Highways Agency estimate: From £100m Savings from local authority management of projects: as yet unquantified but expected to be substantial.

3.10

### **The South East rail network from Waterloo**

Our rail network is critical for some 420,000+ commuters travelling from the South East to work in London and around 153,000 Londoners who work in the South East. It is also important in providing access to the South East's ports and airports. However capacity restrictions prevent the rail system responding to the problems of overcrowding. A joint approach with London would pay dividends both for the economy and the environment by reducing car travel, for example:

Improvements	<ul style="list-style-type: none"> <li>● <b>Crossrail 2 regional route.</b> A new railway line, potentially linking Hertfordshire in the North, travelling through Central London to proposed destinations in Surrey. The exact route is not yet agreed.</li> <li>● <b>Crossrail 2 to include the removal of the rail bottleneck west of Woking for suburban &amp; Portsmouth services.</b> A Woking Flyover would put the Portsmouth direct line on a bridge over the South West Main Line, enabling trains to cross the main line without conflicting with trains in the opposite direction.</li> <li>● <b>Crossrail 2 would allow the construction of Sturt Road Chord.</b> This would link the north-south Ascot to Ash Vale line with the South West Main Line at Frimley.</li> <li>● <b>Signalling improvements on the Waterloo lines.</b> As Crossrail 2 is a long term scheme, in the short term investment should be made in better signalling allowing trains to operate closer together, maximising train lengthening, the remodelling of Queenstown Road station and the reintroduction of platform 1. Together these measures would increase capacity at London Waterloo and allow additional services into the capital from the South East.</li> <li>● <b>Investment at Clapham Junction.</b> This will facilitate better access to London. Clapham should be a 'hub' rather than a 'junction', with more trains stopping, allowing better interchange options.</li> </ul>
Benefits	<p>Crossrail 2 regional route has the potential to deliver a significant capacity increase on the South West Main Line. Depending on its final configuration the scheme could deliver wide benefits across the Thames Valley, Surrey and Hampshire, as well as London.</p> <p>An increase in capacity would reduce overcrowding, improve journey times and help reduce road congestion by encouraging modal shift. Connectivity to the capital will improve with more journey opportunities via Wimbledon and Clapham Junction, including to London Euston.</p> <p>Addressing the bottleneck west of Woking will cut journey times from the south coast to London and encourage economic growth at destinations along the line.</p> <p>Re-instatement of the Sturt Road Chord would provide a direct link from Bagshot, Camberley and Frimley to the South West Main Line. These areas suffer from particularly slow services to London. The chord would cut</p>

	<p>journey times, increase the attractiveness of the line and encourage economic growth. Maximum train lengthening, remodelling of Queenstown Road to reintroduce platform 1, and allowing trains to operate closer together would all provide extra capacity on the South West Main Line in the short term. This means better access to and from London, on less crowded trains for commuters into and out of the South East. Clapham Junction provides the link between the South West Main Line and Brighton Main Line. Changes to the track layout and platforms, including a new cross-platform interchange, are needed to allow more interchange opportunities. These improvements would relieve pressure on London Waterloo and give passengers from London and the South East better connections to a wide range of rail services, including London overground and Crossrail.</p> <p>For access to Portsmouth, quicker rail journeys would encourage freight and passenger journeys to switch from road to rail. This would help reduce congestion in accessing the UK's second largest ferry terminal and the growing cruise terminal. Portsmouth has a key role in international trade, for example handling a large proportion of the UK's imported fruit and vegetables for onward distribution, including 70% of the UK's bananas.</p>
<p>Cost estimate</p>	<p>Crossrail 2 regional route: £12bn - £20bn  Sturt Road Chord: Target inclusion in Network Rail's Strategic Business Plan for Control Period 6 (2019-2024).  Costs are estimated to be £75m.  Woking flyover: £100m  Clapham Hub Interchange: £50m - £100m.</p>

3.11

**London-Portsmouth, London-Hastings & South Coast corridors**

These routes form a key triangle linking London to the south coast and joining up areas of significant economic potential across Hampshire, Sussex and Kent. Access to and from the International Port of Portsmouth is an important trade route and better links to Hastings will open up an area keen to generate jobs and growth. South coast road and rail improvements between Dover and Portsmouth would connect numerous ports, university towns and growth areas – such an alternative cross country route would also offer potential to relieve congestion on the M25. Parts of Kent and East Sussex are also regeneration areas, where better transport access would help release latent economic potential.

<p>Improvements</p>	<ul style="list-style-type: none"> <li>● <b>Increase road capacity along the A3, including the A3/ M25 (junction 10) Wisley interchange and around Guildford.</b></li> <li>● <b>Invest in better road and rail links to Hastings, including the A21 corridor.</b></li> <li>● <b>Upgrade the M27/ A27 to improve capacity and reduce bottlenecks/ congestion.</b></li> <li>● <b>Invest in better coastal rail links</b></li> </ul>
<p>Benefits</p>	<p>The A3 is an important strategic corridor linking Portsmouth and London. It is already significantly congested and this congestion is predicted to get worse. The A3 goes through Guildford, Surrey's largest employment centre and directly past Surrey Research Park. The research park is a nationally significant centre of excellence for technology, science, health and engineering and contributes £350m - £450 million to the economy annually. Investment in routes to Hastings is a vital part of realising economic opportunities in parts of Kent and East</p>

	<p>Sussex. Improving the A21 and upgrading rail links to national and international markets &amp; supply chains will support business growth and maximise the benefits of regeneration funding spent in these areas.</p> <p>Approval in May 2014 for improvements to the A21 from Tonbridge-Pembury costing £70m-£120m is welcome. However other sections of the A21 remain in need of upgrades. Improvements from Kippings Cross-Lamberhurst to create a dual carriageway and south of Flimwell will support economic growth plans for the Bexhill &amp; Hastings area. This will help maximise the value of investment already made in the area by improving journey times and connections to Kent, the M25 and beyond.</p> <p>Quicker rail journey times from London-Hastings would help reduce congestion and delays on the A21 by providing a viable alternative to road travel.</p> <p>Dual tracking and electrification of the Marshlink Line between Hastings and Ashford would provide links to HS1 trains at Ashford and onward connections to other areas of Kent, London and Europe. This work would support more frequent services and allow electrified services along the full length of the East Coastway rail route. Better orbital links along the south coast would deliver improved road and rail access for passengers and freight to the ports at Dover, Portsmouth and Southampton.</p> <p>Upgrading the M27/ A27 and improving rail connections along the south coast would support economic growth in the coastal and university towns through West Sussex and growth areas in East Sussex. Long distance road and rail business traffic needs quicker, more reliable journeys between growth areas such as Eastbourne and Hastings and major ports including Newhaven, Shoreham, Portsmouth and Southampton. This will need to include improvements to the A27 and A259, with particular emphasis on the A27 between Lewes-Polegate. A managed motorway is the current preferred option for the M27 but widening would also be needed along parts of the route to increase capacity.</p> <p>Rail improvements include dualling the Botley line and a new chord at Eastleigh to reduce journey times and allow more services to run.</p> <p>Orbital improvements would reduce congestion on the M25 and trains travelling via central London by offering viable alternative routes to south coast ports and Gatwick airport.</p>
<p>Cost estimate</p>	<p>A3 improvements: £200m - £300m</p> <p>A21 improvements: Kippings Cross-Lamberhurst £135m; Flimwell-Robertsbridge £130m.</p> <p>A27: £200m plus Lewes-Polegate £300m</p> <p>M27: managed motorway £260m and widening £1.6bn</p> <p>Eastleigh rail chord and Botley dualling: £150m.</p> <p>Dual tracking and rail electrification Hastings to Ashford Marshlink line: £150m-£160m.</p>

3.12

**East Kent growth corridor**

With a major Enterprise Zone and a number of large scale business parks in close proximity in East Kent, the potential for growth across this deprived area of Kent is significant. Investment to support this growth includes:

<p>Improvements</p>	<p>• <b>Improve rail access by reducing journey times from London and a new Thanet Parkway rail station</b></p>
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Benefits	Increase the attractiveness of the investment opportunity in East Kent by bringing it to within an hour of London and improving employment opportunities for East Kent residents both locally and further afield to London. The Parkway station will improve access to the Discovery Park Enterprise Zone and a number of large scale business parks in East Kent, potentially serving 15,000-20,000 jobs. Rail investment will help attract businesses capable of greater investment and job creation opportunities for East Kent. Through the South East LEP's Strategic Economic Plan partners are seeking to extend the Enterprise Zone designation to Manston Business Park and the Richborough Corridor which this investment will support.
Cost estimate	Improved rail access to East Kent: up to £20m

### 3.13

#### **Links to the East of England/ Midlands**

Connections to the east and east midlands are important to ensure good access to and from South East international gateways and to link in to national freight distribution networks. Government funding for the western phase of East-West Rail (linking Reading, Oxford, Milton Keynes, Bedford) will provide a step change in access benefitting businesses across the UK but more is required.

Improvements	<ul style="list-style-type: none"> <li>● <b>Extend Dunstable bypass to Aylesbury</b></li> </ul>
Benefits	<p>Improved access to the M1 corridor and Milton Keynes for Aylesbury, which is delivering among the highest residential growth in the UK.</p> <p>Government has already committed to building a new road linking the A5 north of Dunstable to a new junction on the M1 and work costing £170m-£210m is due to start in 2014-15.</p> <p>Extending the high quality road route from Dunstable to Aylesbury by building a bypass would avoid congestion and delays in the village of Wing. This would improve commuting and supply chain links to the fast growing Aylesbury area. It would also deliver better network resilience between the M1 and M40. The motorways are furthest apart near Aylesbury, so the new route would provide an alternative to the A43 link further north.</p> <p>Additional benefits would include better transport connections for rural areas in north Buckinghamshire and Central Bedfordshire, giving a substantial population better access to the M1 and regional centres at Aylesbury and Milton Keynes.</p> <p>The route would improve East-West connections between economic growth areas in Bicester/Oxford, Aylesbury/ Milton Keynes and Luton/ M1.</p>
Cost estimate	A418/ A4146 bypass (Aylesbury-Leighton Buzzard, avoiding Wing, to link to Dunstable bypass): £80m - £100m

Improvements	<ul style="list-style-type: none"> <li>● <b>New M40 junction at 3a and improvements to the local road network.</b></li> </ul>
Benefits	<p>A new junction 3a on the M40 between J3 and J4, connecting to new roundabouts either side of the existing under bridge and road upgrades to connect the new junction to the existing highway network (Spring Lane, Kingsmead Road &amp; A40 London Road) would open up significant development.</p> <p>Additional points of access to the M40 would open up multiple sites for development, including good quality employment land and land for residential development north of Heath End Road.</p> <p>The scheme would improve journey times and reliability for traffic on the M40 (east of J3a), A40 London Road,</p>

	Daws Hill Lane and Heath End Road. Mitigating the impact of projected increased congestion and lower speeds on the strategic road network would help ensure land remains attractive to developers. It would also give improved employee access to new development sites from High Wycombe to locations on the M40 corridor.
Cost estimate	New M40 junction 3a and linked road improvements: £31m (2013 prices). Outline value for money appraisal reveals a high—very high case for investment, indicating the scheme would qualify for DfT major scheme funding. Wycombe DC CIL and /or developer contributions through section 106 agreements could provide additional finance.

Improvements	<ul style="list-style-type: none"> <li>• <b>Extend East-West Rail from Bedford to Cambridge, Norwich and Ipswich</b></li> </ul>
Benefits	<p>Quicker more reliable links between the South East, South West, Midlands and East of England. This project would build on Network Rail’s existing commitment to re-establish the link between Oxford, Milton Keynes and Bedford by 2019 to deliver the ‘central section’ of the line between Bedford and Cambridge, including the link between Bedford and Sandy. The extension further east would open up commuter and supply chain access to growing economies such as Aylesbury, Milton Keynes, Bedford and hi-tech sectors in Oxford and Cambridge. The route would also improve links to key ports (such as Southampton and Harwich) and airports (such as Luton &amp; Stansted) for business and leisure travellers from a wide area of the South East, East Midlands, East of England and South West by linking with existing mainline rail services from Bristol, Reading, Milton Keynes and Bedford.</p> <p>As an orbital route East-West Rail would offer an attractive alternative to the M25 and train journeys via central London, relieving congestion and pressure on rail capacity.</p> <p>Potential benefits from the extended scheme would be significant. It is estimated that developing the first section of the route (Oxford to Bedford) would create 12,000 jobs and increase GDP by £38.1m a year from this one stage alone. Ticket sales would exceed running costs by £4m, avoiding the need for public subsidy. Journey times from Oxford to Milton Keynes would fall from 60-90 minutes to 35 and from Oxford to Bedford from 90-120 minutes to 65.</p>
Cost estimate	Extending East-West Rail from Bedford to Norwich & Ipswich: £300m to £1bn, depending on route chosen.

### 3.14

#### **Links to South West England**

Connections to South West England are important to provide good access to the South East’s international gateways for businesses and passengers. Improvements to the Great Western Main Line are going ahead but there remains a need for further investment including:

Improvements	<ul style="list-style-type: none"> <li>• <b>Road improvements along the A303 corridor</b></li> <li>• <b>Rail electrification from Newbury to Taunton</b></li> </ul>
Benefits	Quicker, more reliable access to the South East’s international gateways for business and passenger traffic from the South West.
Cost estimate	A303 improvements: up to £300m Newbury-Taunton electrification: from £513m plus contingency.

## 4. Conclusion and next steps

- 4.1 This paper highlights the potential for investment in key strategic transport infrastructure in the South East to stimulate and support growth in the wider UK economy. Funding and partnership working are the essential requirements to take forward our proposed investment programme and we set out three key steps below.
- 4.2 Partnership working will be essential to help develop a detailed long term programme and agree funding mechanisms for strategic investment in South East infrastructure.  
**Step 1:** As these are strategic projects of national significance, **a new multi-agency board bringing together local and national partners will be central** to taking them forward with the agreement and help of the Department for Transport, Highways Agency and Network Rail. Active endorsement and participation in the board by SEEC, SESL, SEDEEPT and the Local Enterprise Partnerships is also essential to ensure we focus on the high level, strategic needs that will deliver most for the economy. Some of this work will also need to be done in partnership with neighbours such as London and the east of England.
- 4.3 For some of the projects proposed there is potential to build on previous Government-commissioned studies of strategic transport need, such as multi-modal studies in the early 2000s. Clearly the data behind these studies is now out of date and does not reflect the current economic climate and the increased pressure to ensure that public investment delivers strong economic benefits. While some areas have current data, in other areas it will need refreshing but the continuing need for some of these schemes demonstrates that our strategic infrastructure is failing to keep pace with that of international economic competitors.
- 4.4 We propose the multi-agency project board should help review the latest available data and develop detailed and costed business plans for a programme of South East strategic transport investment.
- 4.5 We also need Ministerial input to help address the issue of funding and the mechanisms that will allow national and local partners to raise the funds to take forward these projects. A mix of central government investment and local freedoms to raise funding will be required.
- 4.6 **Step 2:** A critical part of this will be a **balanced and increased national investment portfolio that includes high return projects in the South East**. We want to negotiate an agreed proportion of the Government's committed increase in infrastructure investment allocated to nationally-significant transport improvements that offer an excellent return on investment for public funds. High return projects in the South East should balance investments in riskier regeneration projects elsewhere.
- 4.7 Government funding increases through Rail Control Period 5 and the Road Investment Strategy are welcome but we would also like to see further increases for both road and rail as transport – particularly in the South East – is a critical factor in economic success.
- 4.8 **Step 3:** To allow local partners to contribute to strategic projects we want to **secure Government support for options that will allow local authorities to supplement Government Funds**. For example:
- Allowing local authorities to retain a greater share of business rates
  - A South East fund for strategic transport, similar to Birmingham's city deal
  - A share of South East tax revenues to fund improvements, similar to Manchester's city deal
  - Considering tolls on suitable projects, such as the Lower Thames Crossing
  - Greater freedom to raise funding to invest in strategic infrastructure projects.

4.9 We would welcome discussions with Ministers on how to take these three steps forward to unleash the national economic potential of our programme of strategic transport investments.





June 2014

**South East England Councils**

**South East Strategic Leaders**

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

*This report sets out proposals for essential strategic transport investment in the engine room of the UK economy. The proposals are endorsed by South East England Councils (SEEC), South East Strategic Leaders (SESL) and South East Directors of Environment, Economy, Planning and Transport (SEDEEPT). Together our three organisations represent the views and interests of all tiers of local government across the South East, representing over 8.7 million residents.*