

SOUTH EAST ENGLAND COUNCILS EXECUTIVE MEETING



Date: 13 October 2017

Subject: **Infrastructure investment to support South East economic growth – National Infrastructure Commission / Transport for the South East**

Report of: Nick Woolfenden, SEEC Head of Policy Co-ordination & Heather Bolton, SEEC Director

Recommendations:

Members are invited to:

- i) Discuss how National Infrastructure Commission assesses investment priorities and how this influences decisions on South East projects to support economic and population growth
- ii) Discuss the role and remit of Transport for the South East (TfSE) and how SEEC can work collaboratively with TfSE to make the case for South East transport investment.

1. Introduction – the case for South East transport investment

- 1.1 SEEC is pleased to welcome National Infrastructure Commission Chair Lord Andrew Adonis, and Transport for the South East members Cllrs Tony Page and Jeremy Kite, to discuss cross-boundary strategic infrastructure issues.
- 1.2 Investment in transport and other vital infrastructure is a priority for SEEC members, to sustain South East and national economic success and meet the demands of a growing population. Whilst proximity to London is a major factor for some parts of the South East – resulting in increased pressure on housing, transport and other infrastructure – the South East has its own vibrant economy and ambition to grow the economy further. Our members are clear that, without increased infrastructure investment now and post-Brexit, the South East economy will be disadvantaged and will fail to achieve its full potential.
- 1.3 This investment is also important for the national economy. Not only does the South East provide national transport gateways for global markets through its air and sea ports, the area has a proven track record as the UK's most profitable economy. This plays a key role in Government's ability to invest in infrastructure and economic growth projects elsewhere in the UK. However this success cannot be taken for granted. South East infrastructure is overstretched and congested, and newly-commissioned research shows that **while the South East contributed the highest net financial surplus to Treasury of £154.4bn from 2000/01 to 2015/16, our net returns were £21.6bn lower than London over the past 3 years**. This means the South East economy is failing to deliver its full potential to help Treasury fund infrastructure and public services UK-wide.
- 1.4 SEEC members believe the South East's changing fortunes are due to a growing gap in per-capita public spending, for example on transport and enterprise investment. **Between 2000/01 and 2015/16 overall per-capita public spending in London rose from £7,056 to £12,628, while in the South East it rose from £5,274 to £10,334. This deficit of more than £2,250 per person compared to London makes it difficult for the South East to meet its infrastructure and service demands**. Further work for SEEC has shown that the **South East expects an infrastructure funding gap of £15.4bn by 2030. This gap is just 10% of the net profit the South East economy has contributed to the Treasury since 2000**. SEEC members fully support the importance of raising economic performance in other parts of the country but believe this must happen alongside continued investment in South East success.
- 1.5 SEEC has previously made the case for Government action to address these issues, eg:
 - Government financial support for **large scale cross-boundary transport priorities**, beyond the scope of individual councils or LEPs – as highlighted in SEEC's [Missing Links](#) report, [Budget 2017 submission](#) and joint [Wider South East work](#). The South East wants a fair allocation of funding that reflects the high returns on investment available here.
 - **Greater financial powers and freedoms for councils to help contribute towards local transport needs** eg via more local retention of business rates and first-sale Stamp Duty.

2. Lord Adonis, Chair, National Infrastructure Commission

- 2.1 Lord Adonis has chaired the [National Infrastructure Commission](#) (NIC) since it was set up in October 2015. He was previously Transport Secretary/Minister of State 2008-10, Schools Minister 2005-08 and Head of the No.10 Policy Unit 2001-05. Prior to this, he was a journalist, and an Oxford City councillor 1987-91.
- 2.2 The NIC aims to be a credible, forward-thinking and influential voice on infrastructure policy and strategy. Its objectives are to support sustainable economic growth across all regions of the UK, improve competitiveness, and improve quality of life. Its key responsibilities include:
- The country's first-ever **National Infrastructure Assessment (NIA)**, setting out the NIC's assessment of long-term infrastructure needs to 2050, with recommendations to Government. Following a call for evidence earlier this year (see [SEEC submission](#)), NIC will shortly consult on a draft. The final NIA will be published in 2018. Recommendations will be tied to clear funding limits, aiming to offer greater clarity for investors and the infrastructure industry as a whole.
 - **In-depth studies** into the UK's most pressing infrastructure challenges, making recommendations to Government eg. how to maximise the potential of the [Cambridge – Milton Keynes – Oxford](#) corridor as a globally-competitive knowledge-intensive cluster, protecting the area's high quality environment, and securing homes and jobs.
 - **Monitoring Government progress in delivering** infrastructure projects and programmes recommended by the NIC.
- 2.3 Members are invited to raise key South East infrastructure issues with Lord Adonis to shape the NIC's work. Reflecting recent SEEC work and discussions, possible issues for discussion include:
- How can the NIC encourage Government to support a balanced portfolio of investments nationally, including high-return South East schemes as well as lower-return regeneration schemes elsewhere?
 - What more could SEEC do to help the NIC make the case for the importance of South East infrastructure investment for the whole UK's success (eg transport and broadband)?
 - How can the NIC help make the case for investment in key large-scale South East transport priorities vital to local and national economic success eg. as set out in SEEC's Missing Links report?
 - How can the NIC help ensure major projects do not face delay because of Brexit uncertainties?
 - What is the NIC's role in supporting the Government's Industrial Strategy?
 - What can NIC do to help increase funding opportunities for local infrastructure? eg. Government's £2.3bn national Housing Infrastructure Fund (HIF) is welcome but insufficient to meet needs identified at some £15.4bn for the South East alone.

3. Cllr Tony Page and Cllr Jeremy Kite, Transport for the South East

- 3.1 Transport for the South East (TfSE) is a new partnership covering local authorities in Berkshire, Hampshire, Surrey, East Sussex, West Sussex and Kent. It aims 'to help support and grow the South East economy by choosing the right strategic transport priorities for investment'. These will be set out for consultation in a South East Transport Strategy.
- 3.2 Board membership includes all transport authorities and LEPs in the TfSE area. A separate Transport Forum will include district councillors from each county area, who can nominate one of their number to sit as a co-opted member on the main Board. TfSE will also involve national bodies such as DfT, Network Rail and Highways England. TfSE was established in shadow form in summer 2017 and, subject to Government approval as a statutory sub national transport body, will begin full operation in 2019.
- 3.3 Explaining the role of TfSE are Cllr Tony Page, Deputy Leader of Reading BC, who has been elected Vice Chairman of the TfSE Board and Cllr Jeremy Kite, Leader of Dartford BC, who is the Kent districts' representative on the TfSE Transport Forum.
- 3.4 SEEC Executive members are invited to discuss the role and remit of TfSE and how SEEC and TfSE can best co-operate to ensure our respective work is aligned and presents a strong, consistent case for the South East.