

Rt Hon Philip Hammond MP
Chancellor of the Exchequer
HM Treasury
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Sent by email to budget.representations@hmtreasury.gsi.gov.uk

20 September 2017

Dear Chancellor

Joint submission to the Autumn Budget 2017 – Strategic transport priorities for Wider South East and national economic success

1. The case for including key Wider South East transport priorities in Budget 2017

- 1.1 The Wider South East Political Steering Group is an all-tier executive partnership of councils and the Mayor of London, with geographical and cross party political representation from across London, the South East and the East of England.
- 1.2 We write to highlight how Government could help support Wider South East - and national - economic success by inclusion of 13 strategic large-scale transport priorities in the Autumn 2017 Budget, set out in para 2.4 (also see map in annex).
- 1.3 Investment in these collaboratively-identified, strategic, cross-boundary transport priorities can unlock national economic potential and sustain the world class infrastructure needed for global competitiveness. We have prioritised them due to the benefits they would bring to freight, business, commuting and leisure travellers UK-wide. They will improve access to international markets, support UK exports, supply chains and the leisure travel sector.
- 1.4 Equally importantly, as the UK's economic powerhouse, our successful Wider South East economy also provides economic returns to the Treasury which it then reinvests across the country. We believe that transport is particularly crucial in securing the Wider South East's economic prosperity, now and post-Brexit, but it is currently overstretched. Our road and public transport infrastructure is under increasing strain with greater numbers of people commuting longer distances for work, along with growing populations and economies. Developing these 13 crucial transport links will not only encourage regional growth – including at least an estimated third of a million additional jobs – but also help deliver Government priorities (for example as set out in the Industrial Strategy and the Transport Investment Strategy).
- 1.5 We want the Budget to commit to a balanced portfolio of national infrastructure investment that balances high-return-on-investment projects in the Wider South East with lower-return regeneration projects in other parts of the country. This is important both to maximise the cost benefits of public investment and to help ensure our residents and businesses see tangible benefits accruing from growth in their areas.
- 1.6 The case for investing to sustain the Wider South East's success for the benefit of the whole UK is clear. We provide the UK's only net financial contributions to Treasury –

which support Government spending across the whole UK. The East, London and the South East are vibrant economic areas, which together deliver 54% of England's economic output – some £773bn (GVA 2015). Collectively, our 159 councils are home to over 24 million people, 44% of England's population. None of us can risk a decline in productivity, profitability or employment in our areas - at all costs, we must avoid damaging these economies that underpin Government's public spending by failing to invest in essential transport infrastructure.

- 1.7 We are keen to explore ways of collaborating with Government to ensure smooth progress in developing our public transport and road infrastructure. We are scheduled to meet Transport Secretary of State Chris Grayling in early October to discuss these transport priorities further. Inclusion of these priorities in the Budget 2017 would signal Government's support so we can we can work together to ensure that these schemes/transport corridors of pan-regional significance are delivered in the interests of our regions and the whole UK.

2. 13 strategic transport priorities for inclusion in Budget 2017

- 2.1 By working collectively across the Wider South East, we are able to bring together an intimate knowledge of our local areas with the strong collaborative relationships we have with business and wider partners. This – alongside the work of other partners such as the emerging Sub-national Transport Bodies – can help large-scale cross-boundary strategic infrastructure planning and support future economic growth.
- 2.2 Our initial 13 priorities for investment include projects which are of strategic importance for the economic growth of the three biggest economies in England. They have been identified for the positive impact they will have, including: meeting local growth needs; helping secure the delivery of new homes; improving the capacity, reliability and resilience of key nationally significant routes/gateways; supporting economic growth for the benefit of the whole UK; and providing alternatives to travelling via central London to help ease pressure there, given unprecedented demands on its transport.
- 2.3 There is significant support for investment in the 13 transport priorities below from a range of local government and other partners in our areas. Local, strategic and national partners are involved in promoting or progressing specific schemes within each priority. Our priorities include Crossrail 2, for which we need Government support to progress. This scheme will increase transport capacity, national connectivity and accessibility whilst reducing crowding and cutting journey times across a 160 mile corridor from Portsmouth/Southampton to Cambridge. It will provide a £150bn boost to the UK's economy, unlock 200,000 new homes and 200,000 new jobs, with 60,000 additional supply chain jobs across the UK. It also underpins the Government's Industrial Strategy and will support skills and apprenticeships, as has been demonstrated by Crossrail 1. Our priorities also include vital improvements to sustainable surface access to Heathrow, to deliver a step change in capacity and connectivity. This requires commitment to western and southern rail access to Heathrow, including a substantial contribution from the airport itself – these improvements are necessary now to tackle existing transport problems, and must also be pre-requisites if Heathrow expansion is to proceed.
- 2.4 **Initial transport priorities for inclusion in Budget 2017:**
 - **East West Rail (EWR) and new Expressway road link (Oxford–Cambridge)**

Government support is needed for a package of key rail and road links to connect the hi-tech science centres of Oxford and Cambridge, and improve business connections to Midlands/North East through links to the East Coast Mainline. It will also relieve route pressures in London and unlock significant homes/jobs. For example, the EWR Western section will help unlock at least 120,000 jobs and a similar number of homes. Building on existing commitments, Government support is needed to secure

Control Period 6 (2019-24) funding for the EWR Central and Western sections, and to progress the Eastern section to Norwich/ Ipswich. Government support is also needed to ensure comprehensive development of the Oxford-Cambridge Expressway.

- **North Downs Rail Link (Gatwick–Reading) inc. extension to Oxford**
Government support is needed to secure a more strategic, holistic approach to improvements to the rail link between Oxford, Reading, Gatwick and Kent. This would deliver direct links between significant economic and residential centres, reduce car commuting (which enables freight to move more effectively on the road), improve national public transport access to Gatwick and relieve pressure on roads, including the M25. It is also expected to unlock circa 8,000 jobs.
- **A27/M27/A259 and rail corridor (Dover–Southampton)**
Government support is needed for a strategic approach to improving links between nationally significant south coast ports and economic or regeneration centres. This would deliver significant improvements for freight and leisure traffic, and economic benefits eg. Highways improvements in this corridor would help unlock 9,000+ jobs and generate an additional £1.5bn of GVA. Current congestion and journey time unreliability reduces resilience thus hampering business prospects locally and nationally. It also increases congestion on the M25 due to lack of a viable alternative cross country routes.
- **West Anglia Mainline, Crossrail 2 North (London–Stansted–Cambridge–Peterborough) and M11**
In addition to Crossrail 2 (see 2.3), Government support for early four-tracking of the currently bottle-necked section of the West Anglia Mainline Railway, ahead of Crossrail 2, would unlock growth in the affected areas. This would allow appropriate phased development, meaning valuable opportunities for housing and jobs are seized in the shorter term.
- **Great Eastern Mainline (London–Ipswich–Norwich) and A12**
Government support is needed for rail and road upgrades from London to East Anglia. Continued commitment to the delivery of the A12 Expressway proposals within Road Investment Strategy (RIS) 1 is necessary for growth of the Haven Ports and new homes. Rail improvements along the line would help unlock £4.5bn GVA, 60,000 jobs and 50,000 homes.
- **Essex Thameside A217 A13 corridor**
Government support is needed to progress rail and road improvements to enhance national port accessibility and connect major economic and residential areas. Road and rail improvements would unlock 50,000-110,000 homes and 100,000 jobs.
- **Thames Gateway Kent: Crossrail 1 Extension (C2E) and HS1 (London–North Kent–Channel Tunnel)**
Government support is needed to progress rail capacity and connectivity improvements to seize major economic and growth opportunities - including brownfield land in London and Kent, and Ebbsfleet regeneration potential. It would unlock circa 28,500 homes and 7,000 jobs.
- **Lower Thames Crossing**
Government support is needed to progress this scheme in a timely manner. It would unlock circa 47,000 homes and 5,000 jobs, address congestion on the M25 at Dartford and provide resilience for all river crossings in East London and. Careful further consideration of the traffic impacts and actions required, especially at key junctions, is needed to ensure the strategic and local networks can accommodate this proposal.

- **Brighton Mainline (London – Gatwick – Brighton)**
Government support is needed for rail capacity improvements, which could improve national public transport access to Gatwick airport. This would unlock circa 15,000 homes and 18,000 jobs.
- **South West Mainline, Crossrail 2 South West (London–Surrey/Southern Rail Access to Heathrow - SRAtH) and A3**
In addition to Crossrail 2 (see 2.3), Government support is needed for a package of rail and road improvements to enhance access to Heathrow airport, ensure that its operation is made more sustainable, and improve connections between major economic centres eg. through improvements to the A3. In addition to Crossrail benefits, SRAtH would unlock 8,200 jobs and £1.8bn GVA.
- **Great Western Mainline (London–Reading/Western Rail Access to Heathrow)**
Government support is needed for rail improvements, including electrification, to enhance access to Heathrow airport and improve connections between major economic centres. This would unlock circa 7,500 jobs and £1.9bn GVA.
- **Midlands and West Coast Mainline (London–Luton–Bedford/Milton Keynes)**
Government support is needed for rail capacity improvements to the West Coast Mainline, including increased accessibility for Luton Airport. This includes maximising capacity opportunities that exist now, and which will be released once HS2 London-Birmingham is completed; and seizing potential connection opportunities/benefits from East West Rail eg. links from the Central section to open up East to North West routes. Government support is sought to reinstate electrification plans along the Midlands Mainline.
- **Felixstowe–Nuneaton/Midlands and A14**
Government support is needed for rail and road schemes within the Felixstowe to Midlands route, including Haughley rail junction and the A14 which is important for regional and national business growth. For example boosting A14 capacity/ addressing ‘pinch points’ in RIS 2 would unlock 7,000 jobs and £362m GVA.

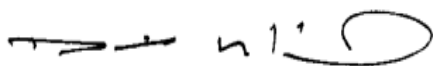
3. Investment in infrastructure – national and local

- 3.1 As we set out above, our Wider South East collaboration harnesses the collective strength of our area which is economically successful and which can become even more so with Government support for investment. Within our regions, local and strategic partners are already talking to key infrastructure delivery agencies, such as Network Rail, Highways England and utility providers about the importance of Government investment in these priorities and the benefits they will deliver. Including our 13 transport priorities in Budget 2017 would reinforce this work, signalling Government’s support.
- 3.2 Investment in strategic transport infrastructure is not only critical to address existing gaps in Wider South East infrastructure, but can also unlock land for housing and economic growth. The Government’s £2.3bn Housing Infrastructure Fund (HIF) is welcome and we hope to see final awards reflect the needs of areas of high demand such as the Wider South East. However even assuming this, we are concerned that HIF alone will be insufficient to meet needs – so we want to work together with Government to find solutions, including innovative funding mechanisms that leverage investment.
- 3.3 In addition to the importance of central Government funding for our 13 large scale strategic transport priorities, councils could help fund more local infrastructure if they had more financial freedoms – reflecting the wider devolution agenda and giving local areas more control over their own destiny. For example this could include more control

over setting council tax and local fees, and discretion to charge for unused planning permissions. We also reiterate previous calls for councils/the Mayor to receive a share of stamp duty when property is sold. This could help deliver infrastructure to enable new housing – either by direct council investment or by leveraging in other funding. Initiatives such as HMT pilots on Land Value Capture mechanisms, and the Development Rights Auction Model (DRAM) taskforce in London, could also offer possible ways forward.

- 3.4 We would welcome a meeting with you or officials to discuss how we can secure the delivery of strategic transport across our three regions.

Yours sincerely



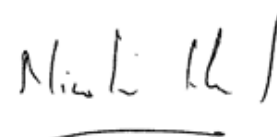
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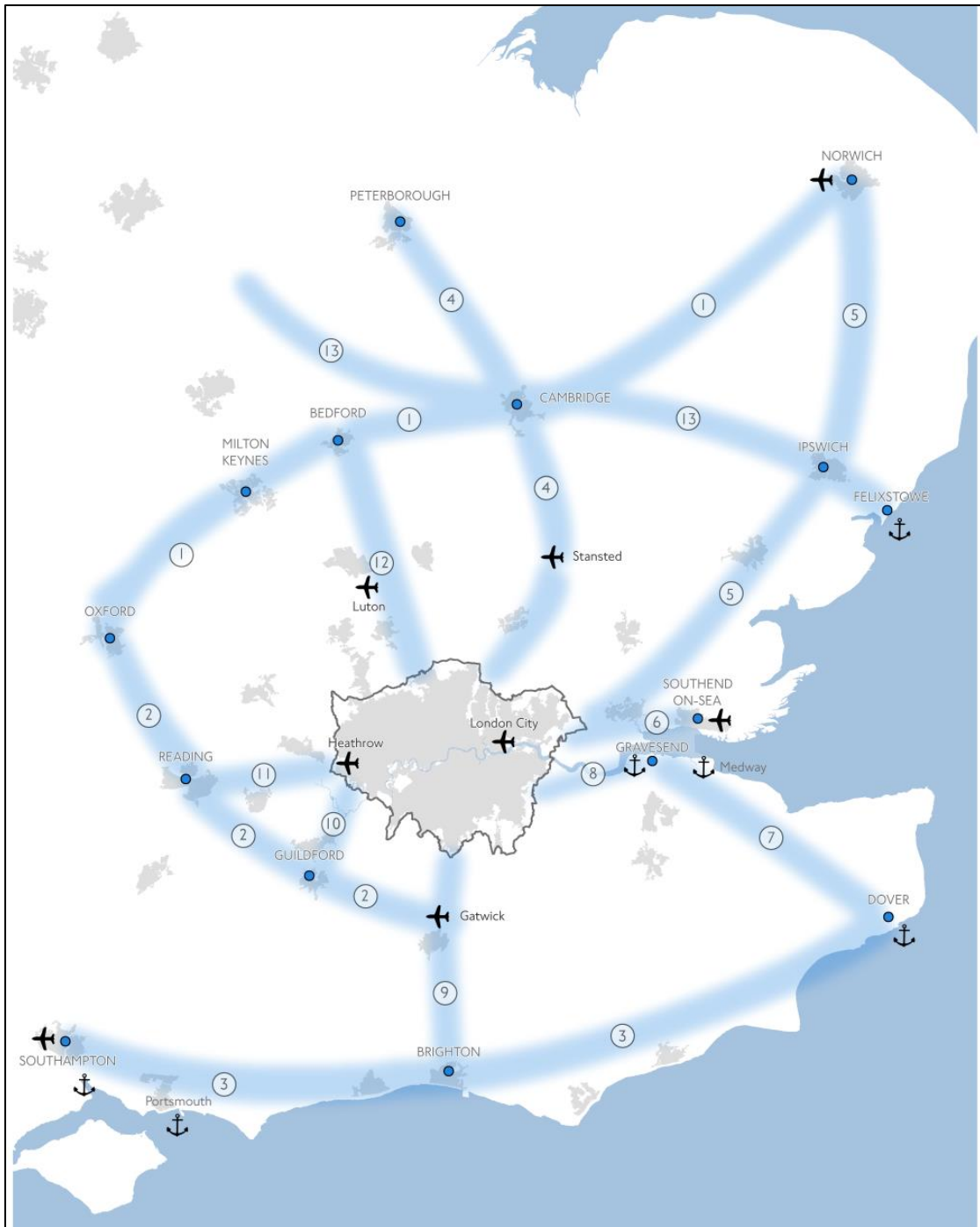
Greater London Authority the Mayor of London provides citywide leadership and creates policies to improve London for all.

London Councils represents London's 32 borough councils and the City of London.

South East England Councils (SEEC) is a cross-party partnership representing county, unitary and district councils in Buckinghamshire, Oxfordshire, Berkshire, Hampshire, Surrey, East & West Sussex and Kent.

The East of England LGA is a membership organisation of the district and county councils in Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk and the unitary councils of Bedford, Central Bedfordshire, Luton, Peterborough, Southend-on-Sea and Thurrock.

ANNEX – INDICATIVE MAP OF 13 WIDER SOUTH EAST TRANSPORT PRIORITIES



1. East West Rail and new Expressway road link (Oxford – Cambridge)
2. North Downs Rail Link (Gatwick – Reading) incl. extension to Oxford
3. A27/M27/A259 and rail corridor (Dover – Southampton)
4. West Anglia Mainline, Crossrail 2 North (London-Stansted-Cambridge-Peterborough) and M11
5. Great Eastern Mainline (London – Ipswich – Norwich) and A12
6. Essex Thameside A127 A13 corridor
7. Thames Gateway Kent: Crossrail 1 Extension (C2E) and HS1 (London – North Kent – Channel Tunnel)
8. Lower Thames Crossing
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10. South West Mainline, Crossrail 2 South West (London – Surrey/Southern Rail Access to Heathrow) and A3
11. Great Western Mainline (London – Reading/ Western Rail Access to Heathrow)
12. Midlands and West Coast Mainline (London – Luton – Bedford/Milton Keynes)
13. Felixstowe – Nuneaton/Midlands and A14