

Friday, 19th April 2013

Department: Chief Executive
Ruth Bagley
Contact Name: Daniel Wilson, WRAtH Project Officer
Contact No: 01753 875918
Fax:
Email: wraith@slough.gov.uk

Re: Response to Aviation Connectivity and the Economy Discussion Paper 02

5.4 The nature of connectivity in the UK and its drivers

Do you agree with the definition of connectivity presented in the paper?

Slough Borough Council is pleased to see inclusion of accessibility to an airport within the factors influencing connectivity. Slough benefits from close proximity to Heathrow airport and the local economy has flourished due to the very good transport links in the area. Surface rail access to Heathrow however is not sufficiently developed. Slough Borough Council in partnership with Thames Valley Berkshire LEP and other stakeholders are promoting Western Rail Access to Heathrow (WRAtH) between Reading and Heathrow terminal 5¹.

This project is supported by a range of stakeholders including decision makers and businesses from as far afield as Plymouth, Cardiff and Bristol, as well as in close proximity to Heathrow. This demonstrates the latent demand for improved surface connections to Heathrow, and this picture is replicated for other UK airports. Access to airports is a major aspect of connectivity, improving the passenger experience in terms of time, convenience and cost, while alleviating negative impacts on local residents.

WRAtH will reduce journey times by up to 45 minutes from the Thames Valley to Heathrow airport, while further afield will bring a 12 million population across the south west, south coast, South Wales and Midlands within one station interchange of Heathrow airport. The project is predicted to generate £1.5 billion of savings to the UK economy arising from journey time reductions, further illustrating the economic impact of airport accessibility. Furthermore the project is predicted to leverage £800 million additional investment and economic activity, and 42,000 new jobs in the areas set to benefit from improved connectivity². These economic benefits are testament to the added value that even relatively modest improvements in connectivity can result in substantial economic benefits. The value of WRAtH has been recognised by the Government in the Aviation Policy Framework (March

¹ <http://thamesvalleyberkshire.co.uk/wraith/>

² *Western Rail Access to Heathrow Economic Value Study*, Atkins/Slough Borough Council, April 2011

2013) and High Level Output Specification (July 2012) which brought with it up to £500 million of funding.

5.5 Assessment of how aviation connectivity supports the UK economy

To what extent do you agree with evidence that aviation connectivity supports the UK's economic growth through facilitating each of (1)-(5)?

How important do you consider connectivity for each of (1)-(5)?

Based on local knowledge of Slough and the Thames Valley, Slough Borough Council would strongly endorse the role of aviation, in our case Heathrow airport, in supporting economic growth. Slough sits at the heart of the economically prosperous Thames Valley region, and has an economy worth £9 billion annually. In terms of the economic activity supported within our borough by aviation we would consider trade in services (2) and business investment and innovation (4) to predominate, while we acknowledge the vital role of aviation in high value freight, tourism and productivity gains.

Slough is located in very close proximity to Heathrow airport and has benefitted economically due to this. The town boasts the largest independently owned trading estate in Europe, owned by SEGRO, and is home to a plethora of national and international headquarters, including RIM (Blackberry), O2, HTC, Amazon, GlaxoSmithKline, UCB, Ipsen, Lonza, Honda, Citroen, Ferrari Maserati and Mars. SEGRO markets the Slough trading estate based on the excellent transport connections which exist without the cost, constraints or congestion of west London locations³. Businesses tell us that this proximity is important to them, and have supported calls for improved access to Heathrow via the new rail connection mentioned in 5.4 which Slough Borough Council is promoting, called Western Rail Access to Heathrow (WRAtH). Honda, for example, say that Heathrow is one of the major reasons they chose to amalgamate their UK and European head offices at their purpose built Slough site in 2000⁴.

According to a study, 75% of existing Thames Valley businesses cite Heathrow as the primary reason for their location in the area⁵, while a separate study found that 46% of respondents across 19 European regions said that proximity to a major airport was a critical factor in their decision making⁶. This indicates that for those who locate closest to Heathrow, their location is more important than to those who locate near to other major airports.

International connectivity provided via Heathrow also attracts new businesses to the area, with a number of high profile investments in the borough over the last few years, including Hytera. This company was the first from China to locate in the borough when their offices were opened in March 2012 by HRH Duke of York. There are strong indications that other businesses will follow suit. For them proximity to Heathrow is one of many factors which makes Slough, and the wider Thames Valley an ideal place for them to do business. It is demonstrative of the importance of Heathrow for inward investment that 60% of foreign

³ <http://www.segro.com/Slough/Location/>

⁴ <http://www.sloughmeansbusiness.co.uk/blog/slough-business/slough-companies/honda/>

⁵ *Western Sunrise*; University of Reading

⁶ *New Location Factors for Mobile Investment in Europe*; Nederlands Economisch Instituut, Ernst & Young, Commission of the European Communities. Directorate-General for Regional Policy

owned businesses moving to the UK for the first time will locate within sixty minutes of the airport⁷.

Slough Borough Council is a National Strategic Partner of the British Chambers of Commerce Link to China programme, which seeks to build UK-China business relationships⁸. Through this programme a number of potential Chinese businesses have approached the Thames Valley with a view to investment, and also attends delegations in China to promote the Thames Valley as a place to do business. Without the presence of Heathrow the Thames Valley would be less attractive in connectivity terms and it would be unlikely that this work would be as successful.

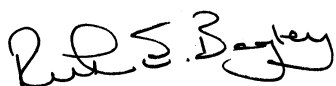
Heathrow is a major employer for residents of the borough of Slough. The 2008/09 Heathrow On-airport employment survey showed that 4092 residents from Slough worked within the boundaries of Heathrow airport alone, this is over 6% of those in employment within the borough. This figure increases substantially when associated sectors such as transport, leisure, accommodation, and supply chains are considered. Slough trading estate provides around 20,000 jobs across 400 companies in the borough, and owes its existence in part to the close proximity to Heathrow.

Slough Borough Council is concerned that if operations at Heathrow were to reduce with a consequent effect on workforce, it would have a pronounced effect on employment in the town. 77% of Heathrow employees earn between £13,000 and £30,999⁹. Considering this it is perhaps unlikely that employees within this salary range would be able to relocate to take up similar work in a new location, resulting both in a workforce deficit at a new location, and a rise in unemployment in Heathrow's hinterland.

Considering the costs of office relocations it may be that while having to relocate to, for example the Thames Estuary if Heathrow's role were to diminish, businesses may instead carry out a broader international options appraisal as to whether they will continue to locate within the UK at a new location.

I would welcome a visit by the Commission to capture the views of the some of the high profile national and international businesses in Slough on the importance of aviation connectivity in relation to the UK economy.

Yours sincerely,



Ruth Bagley
Chief Executive
Slough Borough Council

⁷ Thames Valley Berkshire LEP, cited in *Western Access to Heathrow*, South East England Development Agency/Deloitte/pba Peter Brett, May 2009

⁸ <http://linktochina.org/> and <http://linktochina.tvchamber.co.uk/>

⁹ *Heathrow Related Employment*, Optimal Economics, September 2011