

23rd December 2015

The Shaw Report
Zone 6.03
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT

Dear Sir or Madam,

Response from Enterprise M3 LEP to the future shape and financing of Network Rail

Enterprise M3 is the Local Enterprise Partnership for an area that encompasses most of Hampshire and much of Surrey, stretching all the way from the New Forest to the M25, including 14 district councils. It is home to 1.6m people and supports 86,500 businesses (22% of the total number of firms in the South East region), who between them employ 744,000 people with Gross Value Added of £41.98 billion a year. Overall, Enterprise M3 is one of the highest performing economies in the UK on a wide range of measures: employment rate, skills, output per head and household income. We have the 3rd highest GVA per capita nationally.

The LEP published its Strategic Economic Plan (SEP) last year, which sets out a clear vision of what the LEP and its partners plan to do over the next six years to create new jobs, increase the number of business start-ups and improve the productivity of local businesses. Improvements to transport infrastructure and connectivity are a key part of this Plan. The EM3 LEP would like to make the following comments on the consultation on the future shape and financing of Network Rail.

In general Enterprise M3 believes that Network Rail needs strong leadership and accountability, rather than further fragmentation or privatisation, but within a robust structure is a need to be able to make decisions quickly and at a local level responding to differing structures as the devolution process develops. More important than the overall structure and ownership model of Network Rail in the future, is its ability to engage proactively and positively with local stakeholders, such as Local Enterprise Partnerships. Encouraging closer partnership working and flexibility must be a key driver of Network Rail going forward, particularly whilst devolution deals are being concluded.

The issues faced on the routes such as the South West Main Line relate to a lack of capacity, which is already acting as a constraint on economic growth and these are only predicted to get worse. The connectivity, condition and capacity of our rail

network are critical to productivity growth. Major investment in the area's railway infrastructure is needed urgently to provide the capacity that is required to meet growth in passenger and freight demand, to improve connectivity and sustain our position as a nationally important global economic gateway. This is recognised with the Wessex Route Study and capacity enhancing solutions have been identified. However, Network Rail's existing structures and processes are delaying their implementation. We consider it imperative that the timescales proposed for implementation of such schemes are reduced and we wish to see tangible improvements to the network carried out much more quickly than is planned at present. Network Rail needs to be set up and managed in such a way to enable this to happen.

Network Rail needs to be structured at a local level to be able to respond quickly to development pressures and opportunities as they arise. There are a number of major development sites already identified and with the potential to be delivered over the next Control Periods. The rail industry must be able to engage proactively, respond to all these new developments and make swift decisions where LEPs and local authorities looks to accommodate, the potential impact of future growth aspirations in the area. Rail will often offer a least part of the solution in terms of access and infrastructure.

Devolution has rightly been highlighted as a key issue in the report and one which Network Rail must respond positively too. Through devolution Enterprise M3 LEP would like to work more closely with Network Rail and the relevant Train Operating Companies to help secure delivery of the required capacity improvements highlighted above, together with a fairer distribution of Government rail support.

Within our devolution deals we are looking to create a 10-year Transport Investment Fund to support economic growth and housing development. Part of this needs to include a forward commitment of funding from Network Rail into a 10-year Infrastructure Guarantee for rail improvements to access to development areas. Network Rail should be organised flexibly so that it can engage with this type of agenda at a local level; an agenda which will differ in different parts of the country, hence flexibility and the need to make investment decisions at a local level, without the need to refer back through too complex an internal approval structure will be essential.

Overall, to achieve all of this Network Rail needs to be structured so that it can be ambitious, to establish a sustainable railway fit for future generations that can enable business growth and improve economic competitiveness and productivity. Enterprise M3 LEP is committed to working closely with Network Rail and passenger and freight operators to help secure this investment.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kevin Travers', with a stylized flourish at the end.

Kevin Travers
Project Manager Transport Enterprise M3 LEP