

6th January 2016

National Infrastructure Commission
1 Horse Guards Road
London
SW1A 2HQ

Dear Sir/Madam,

Response to the National Infrastructure Commission Call for Evidence - future investment in the London's transport infrastructure

Enterprise M3 is responding to the National Infrastructure Commission Call for Evidence and in particular the request relation to future investment in the London's transport infrastructure.

Enterprise M3 is the Local Enterprise Partnership for an area which covers parts of the counties of Hampshire and Surrey, including north and central Hampshire, and western Surrey up to the M25. The LEP area includes major centres such as Aldershot, Winchester, Basingstoke, Woking and Guildford. In total, the LEP area encompasses over 1,600,000 residents and 86,500 businesses; accounting for nearly 20% of the South East's economic prosperity.

The LEPs remit is to support and sustain economic growth at a local level and Enterprise M3 has set out its vision, key priorities and actions in its Strategic Economic Plan, which was published in March 2014. The SEP sets out a clear vision of what the LEP and its partners plan to do over the period up to 2020/21 to create new jobs, increase the number of business start-ups and improve the productivity of local businesses. Improvements to transport infrastructure to enhance connectivity are a key part of this Plan, which identifies a series of infrastructure improvements that are part of the 'strategic ask' for transport investment, to improve connectivity within our area, to ensure that the LEP can thrive economically, maximise job creation and attract inward investment from businesses.

The work of the Enterprise M3 LEP is endorsed by government as part of its strategy for developing the UK economy and is driven by close collaborative working with local authorities, the business community and other stakeholders in the area. The Enterprise M3 Growth Deal encapsulates the priorities that have recently been agreed with government in response to the needs and priorities that we have identified with our local, public and private sector partners.

What are the major economic and social challenges facing London and its commuter hinterland over the next two to three decades?

Enterprise M3 is particularly concerned by the potentially dismissive reference in the question to the South East as London's "commuter hinterland." If the Commission is going to achieve its aims it is essential that it recognises that the importance of the economy of the areas around London in its own right and not merely as an area that serves the needs of London. Economic success in the wider South East benefits London and indeed the whole of the UK. It is worth highlighting that the South East pays considerably more in taxes than it receives in public spending – creating a net 'profit' for the Treasury. Indeed 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.

Notwithstanding this, key social and economic challenges the LEP would highlight are:

- Meeting the Government's productivity aspirations and encouraging a higher-skilled workforce to contribute to the local economy.
- Provision of new homes and business space in appropriate locations.
- Delivery of a very large expansion in the supply of housing.
- Enhancing economic interactions and labour mobility through connectivity improvements.
- Being able to deliver transport infrastructure and capacity so that it does not act as a constraint on economic growth as well as meeting the skills and housing challenges identified above.
- Achieving certainty over expansion associated with increased airport capacity in the South East and ensuring that associated infrastructure is provided.
- Improvements to cross country road and rail routes linking South East economic areas without the need to travel via Central London reducing associated congestion.
- Better road and rail access to nationally important ports and airports to boost their attractiveness as business locations and improve connectivity to international markets.
- Reducing congestion and removing bottlenecks on strategic road corridors.
- Improved journey times on the major rail lines into London for business travellers and commuters.
- Enhancements to the attractiveness of the area for new investment, including foreign direct investment.

Improving strategic transport routes in the South East will support economic growth both nationally and locally bringing a significant return on investment for public funds. By failing to invest there is a risk of adding to the congestion, frustration and costs that businesses across the UK face when using the South East strategic transport corridors including as gateway routes to London and the South East's international ports and airports. Investment is needed to maintain the attractiveness of the area for business and to secure the delivery of key development sites, new homes, new commercial floor space and new jobs. Without strategic investment in high quality transport infrastructure London and the South East runs the risk of losing businesses to international competitors.

It is no accident that the world's leading companies see London and its surrounding areas, including the Enterprise M3 area, as the place to locate and do business. The halo effect of London supports jobs in the wider South East and the whole UK. Enterprise M3 would also advocate stronger collaborations between London and the LEP areas that surround London.

What are the strategic options for future investment in large-scale transport infrastructure improvements in London - on road, rail and underground - including, but not limited to Crossrail 2?

Enterprise M3, Coast to Capital, Solent and Thames Valley Berkshire Local Enterprise Partnerships, working closely with the local highway authorities, have jointly commissioned an economic impact study that addresses exactly this question for our area.

The work will identify, describe and quantify the economic case for improving connectivity in major strategic movement corridors across South East England.

The work is developing an economic methodology to identify and define the movement corridors. The development of the corridors will address known and forecast problems such as improved connectivity through faster and more reliable journey times. They will be prioritising the corridors, identifying potential solutions for delivering change and providing an outline business case for potential infrastructure investments. This study is due to report early later this month and the LEPs will be happy to share the results of this work with the Commission.

What opportunities are there to increase the benefits and reduce the costs of the proposed Crossrail 2 scheme?

Enterprise M3 is also responding to the consultation on Crossrail 2, so attached is a copy of our response, which addresses this issue in relation to the benefits of the proposed Crossrail 2 scheme and the need for investment in other rail infrastructure on the South-West Mainline.

What are the options for the funding, financing and delivery of large-scale transport infrastructure improvements in London, including Crossrail 2?

Investment in infrastructure is fundamental to achieving economic growth. Key to success in funding its provision is de-risking investment and development and creating more certainty about funding for infrastructure provision. This will ensure that the infrastructure of the area is able to support, enhance and facilitate economic growth, boost productivity and improve the standard of living.

There are many different funding models available but Enterprise M3 believes that the type of approach used to fund schemes is not as important as having certainty that funding will be available over a sustained period of time. This will ensure that infrastructure schemes can be developed, with certainty that the funding is in place for their delivery. Such certainty engenders confidence and will allow scheme promoters to commit resources to scheme development and enable businesses to plan for the future, assured that the infrastructure needed for economic growth will be forthcoming.

This is of particular important to secure housing growth and in this instance it may be that Government needs to effectively underwrite public/private funding sources, to provide a level of certainty for the accelerated delivery of housing by the private sector that is being sought.

How have major metropolitan areas in other countries responded to similar challenges and priorities? Are there any lessons to be learned and applied in London?

No comment

Yours faithfully,

A handwritten signature in black ink, reading "Kevin Travers". The signature is written in a cursive style with a long, sweeping underline.

Kevin Travers
Project Manager Transport Enterprise M3 LEP