

Enterprise M3 Board

24 May 2018

Heathrow Expansion and Southern Rail Access – Item 11

Board Members are asked to:

AGREE the proposed Statement of Principles in relation to Heathrow Southern Rail Access (Appendix 1) as Enterprise M3 LEPs public position on what we would look for a new southern rail access to Heathrow Airport to deliver.

1 Background

- 1.1 The Board has received regular updates on the work of the LEP in relation to Heathrow Airport, both in our own right and through the work of the Heathrow Strategic Planning Group, of which the LEP is a full and active member. Enterprise M3 LEP continues to identify the key role of aviation in general and airport capacity in particular in supporting our economy and access to international markets. Our area hosts the largest number of foreign owned companies in the UK, outside of London, with approximately 1000, attracting 47 successes in terms of Foreign Direct investment. Locally, nearly 10,000 Enterprise M3 LEP area residents work at Heathrow, including over 3,500 from Spelthorne alone (7% of the working population.) With additional jobs created with the proposed expansion, this total could rise to 25,000 jobs.
- 1.2 The proposed expansion of Heathrow has the support of our businesses because it will bring better connections to emerging markets, more tourists and support exporters and UK businesses to grow. Whilst fully supporting airport expansion we are also fully aware that the airport plays a key role in the success of our economy today and with the timescales for the delivery of expansion yet to be firmed up we continue to work hard to ensure that the airport functions effectively and supports our economy in its existing two-runway operation. We therefore continue to work closely with neighbouring LEPs local authorities and Transport for the South East to ensure we plan for the economic impact of Heathrow both now and in the future following the Government in principle approval of a 3rd Runway.
- 1.3 We have therefore participated proactively in all consultations affecting the airport, in our own right and through joint responses produced by the Heathrow Strategic Planning Group and more recently Transport for the South East The LEP Chairman gave evidence on behalf of business at the Davies Commission's Inquiry into Airport expansion and we submitted a strong response to the Government's consultation on the Airport's National Policy Statement (NPS) , which led to expansion of Heathrow being agreed in principle as the preferred option to address the lack of airport capacity in the South-East.
- 1.4 More recently we responded to first consultation conducted by Heathrow themselves on the detail of airport expansion, considering the physical changes on the ground needed to build a new runway, as well as changes to airspace required for the expanded airport. Given the policy commitment to expansion has already been made in the NPS our response to the Heathrow consultation focused on reaffirming our support for expansion in economic terms. It has also enabled us to re-emphasise that

the delivery of strategic infrastructure, such as western and southern rail accesses, is needed now based on the growth expectations of the existing 2-runway airport and that Heathrow should agree to making a substantial financial contribution to this, to demonstrate that they are able to meet the modal share targets they have committed.

- 1.5 Whilst progress has been positive we nevertheless have some concerns. In particular the lack of a coherent overall strategy leads to a failure to adequately address surface access issues. This is exemplified by the increasingly untenable position that Heathrow Airport Ltd have adopted that they will be able to meet modal split and sustainable transport targets without major infrastructure investment. Recent evidence from the NPS Consultation stated that passenger demand will grow faster than first expected, this underlines the need to improve surface access as soon as possible. We remain concerned that without additional sustainable surface access the airport will not be able to contribute fully to the local and national economy nor meet the demands of future air travel growth.

2 Rail Market Led Proposals – Call for Ideas

- 2.1 There remains an urgent need for a firm commitment to transport investment over and above Heathrow Airport's immediate needs so as to deliver the potential promised by expansion to genuinely enhance the national economy. Whilst we believe that Heathrow Airport Ltd should play a more proactive role and make a stronger commitment to delivery, we accept that they are not solely responsible for this. We therefore welcomed the invitation by government in March for the private sector to come forward with initiatives to invest in the rail network. The call for ideas on market-led proposals to enhance the rail network focused specifically on an invitation to private companies to come forward with ideas to deliver the new southern rail link to Heathrow Airport. A key element of the invitation is that the schemes can be brought forward and delivered without direct Government financial support.
- 2.2 There have been a large number of possible schemes identified and developed over many years designed to address the lack of southern rail access. From the ill-fated Airtrack proposals to links directly onto the existing rail line that links London Waterloo to Reading. There remain several options being put forward by various interested parties, with two in particular being strongly promoted in the public domain,
- 2.3 The first of these is Heathrow Southern Railway, which would link the airport directly to South West Main Line between Byfleet and Woking, with an extra platform planned at Woking station. This could see direct access to the airport from growth towns such as Guildford, Farnborough and Basingstoke. The estimated cost of this proposal is between £1.3 billion and £1.6 billion.
- 2.4 The second is a Southern Light Rail scheme being promoted by Spelthorne Borough Council that would link Heathrow to the existing south western railway network at Staines, improving direct access to the airport and bring significant economic opportunities to our step-up town of Staines Upon Thames. It would offer a frequent service from the existing station at Staines with prospective intermediate stops for airport park and ride facilities. Cost and delivery timescales would likely to be significantly lower than a heavy rail proposal but on it would not deliver the same level of direct access to the wider LEP area.
- 2.5 In addition to the two schemes summarised above we are aware of other potential solutions, either in an embryonic stage or which remain commercially confidential at this time. All solutions clearly address access to Heathrow, but the LEP will be particularly supportive of those where the impact is able to deliver both local and

strategic access to the airport and that areas within Enterprise M3 benefit from associated development opportunities.

- 2.6 However, at this stage it is considered that the LEP should remain scheme agnostic, whilst still putting out a strong message that we fully support any rail solution that would provide a step change in the quality and quantum of airport surface access to Heathrow. Any proposal needs to meet both the airports needs as well as those of the wider community. A scheme that has the potential to support the delivery of homes as well as bring new jobs and facilities to boost the local economy, according closely to the Government's priorities in the Industrial Strategy, will have our full support.
- 2.7 It is therefore suggested that we put together, publish and share with all scheme promoters a statement of principles that we would look for any proposed Heathrow Southern Rail Access scheme to meet and deliver. We would also wish to highlight our willingness to work closely with any scheme promoter to help them ensure that their particular proposal, meets our needs and expectations.
- 2.8 The proposed Enterprise M3 Statement of Principles for Heathrow Southern Rail Access is attached at Appendix A and the Board is asked to agree this statement as the LEPs public position. In addition we will also look to work with key partners such as our neighbouring LEPs, Heathrow Strategic Planning Group, Transport for the South East and our local authorities to develop similar joint statements that accord to our common principles.

Kevin Travers
Enterprise M3 Head of Transport
14 May 2018

Appendix 1 – Enterprise M3 LEP Statement of Principles for Heathrow Southern Rail Access

This statement has been produced in response to the Government's recent call for ideas on market-led proposals to enhance the nation's railways and the invitation to local authorities and private sector companies to invest in the rail network. It specifically outlines what the Enterprise M3 LEP is looking for with regard to the invitation to private companies to come forward with ideas to deliver a new southern rail link to Heathrow Airport.

The Enterprise M3 economy depends on strong links to the UK's international airports. Improved connectivity, coupled with enhanced aviation capacity will serve to enable local, regional and national economic growth, and market competitiveness. The LEP is therefore in principle supportive of proposals to provide improved connectivity through a new southern rail access to Heathrow. It however expected that some will deliver benefits that are more advantageous to the Enterprise M3 Area than others.

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. The Enterprise M3 LEP Area has the 3rd highest GVA per capita nationally. Enterprise M3 has a far higher number of businesses per 1,000 population than England overall and a 5-year survival rate of new businesses also higher than the national average. The area plays host to a strong presence of growth sector industries such as professional services and IT & Digital Media.

A key factor that underpins the success of the area is its proximity to London and Heathrow Airport.

The success of the Enterprise M3 economy in Hampshire and Surrey depends heavily on economic linkages to both Heathrow airport and London. Measures to improve accessibility and capacity of the transport network to London by road and rail are in both Government's infrastructure plans and those of the National Infrastructure Commission. Improved access to Heathrow through rail in particular, will serve to enhance economic productivity in the Enterprise M3 Area and across the South-East. It will provide improved access to international markets for people and goods, and will consolidate London and the South East as a powerhouse in financial, digital and services

Nearly 10,000 Enterprise M3 LEP residents work at Heathrow, including over 3,500 from Spelthorne alone (7% of the employed population). Through airport expansion, this is expected to increase to 25,000 jobs. Improved local public transport connectivity to Staines, and across Spelthorne, will be essential element of any expansion, allowing residents to access employment via rail and bus. This enhanced level of accessibility could increase this employment potential even more. Such infrastructure improvements need to be brought forward and delivered as soon as possible, so that the existing airport can function effectively and be ready for its expanded role.

Enterprise M3 LEP Position on Southern Rail Access to Heathrow Airport

Enterprise M3 LEP fully support any rail schemes that would provide a step change in the quality and quantum of airport surface access to Heathrow. A proposal needs to meet both the airports needs as well as those of the wider community. A scheme has the potential to support the delivery of homes as well as bring new jobs and facilities to boost the local economy, according closely to the Government's priorities exemplified in the recently published White Paper on their Industrial Strategy.

Enterprise M3 LEP acknowledge there are a number of possible options being promoted by various interested parties. All address access to Heathrow, but the LEP is particularly supportive of those where the impact is able to deliver both local and strategic access to the airport and associated development opportunities. Hence the LEP is particularly interested in schemes that have the potential for a transformational impact on the Spelthorne, Runnymede and Elmbridge areas, but which also enhance movement across the whole of the south-east. Such schemes could clearly make a significant contribution towards economic growth if from the outset they open up new travel opportunities by rail that are currently not possible.

We would also wish to see scheme promoters clearly identify both the local and wider development opportunities that a new southern rail access to Heathrow could offer. This should be in terms of opening up new sites for both housing and commercial development as well as improving access to local employment opportunities.

We consider it essential that Government recognises this and, as well as providing policy support, also leads in carrying out a common assessment of the full impact of potential proposals, so that the scheme benefits to the wider economy can be brought forward. The LEP considers that the case for a Southern rail access has been more than clearly made based on the needs of a two-runway airport, a view endorsed by the Airports Commission and the Secretary of State and this needs to be recognised in the National Policy Statement on Aviation.

Heathrow Airport Limited have stated that the mode split will remain at 50% by public transport under expansion plans. To meet this target, Heathrow Airport Limited do not believe that they need a southern rail access, but they certainly recognise its benefits in meeting that target. Heathrow needs to play a more proactive role and make a strong commitment to its delivery, both in policy terms and financially. We would therefore expect the scheme promoter to be able to demonstrate how they are working closely with Heathrow in an alliance format

The LEP's Strategic Economic Plan identifies a southern rail access to Heathrow combined with other service and infrastructure enhancements as vital rail infrastructure improvements. In addition to Heathrow Southern Rail Access, Crossrail 2 and the Woking Flyover are also strongly supported as together these improvements would help unlock and support economic growth and job creation within the LEP's Sci:Tech corridor of growth towns, which include Basingstoke, Farnborough, Woking and Guildford. Any southern rail access scheme needs to consider these network enhancements and the impact on latent demand.

Scheme promoters should fully understand and demonstrate how their scheme would link to the ideas emerging from the M25 South West Quadrant Study for the expansion of Heathrow as a key transport hub.

In line with our emerging local industrial strategy Enterprise M3 LEP would wish to see a southern rail access strongly linked to smart mobility and the latest digital technologies. This includes ensuring that the new link is fully compatible with Network Rail's digital railway aspirations, as well as utilising low emission vehicle technologies, smart mobility services and intelligent asset infrastructure.

Whilst we understand that any proposal needs to be financially strong, we would be looking for proposals that integrate fully into the existing rail network and not simply offering a premium business service to the airport. A well-developed proposal should offer the

opportunity to change the centre of gravity of employment at the airport and in particular help to maximise new opportunities especially for key workers to access jobs at the Airport and as such must be priced accordingly.

We would consider a key strength would be the opening up of new journey opportunities, potentially allowing utilising Heathrow to operate as a transport hub with potentially through running to destinations beyond the airport, such as by integration into Heathrow Express and HS2. Similarly, we would wish to see a fully integrated approach to ticketing, enabling seamless travel and interchange with all other public transport operations at Heathrow.

In summary improving connectivity to our international gateways and ensuring a resilient and reliable transport network are key priorities for the LEP. We consider that these priorities can be delivered by a southern rail access to Heathrow combined with other rail infrastructure improvements transforming linkages to the wider Enterprise M3 LEP area and beyond.

However, it is important to emphasise that there are potentially a number of different schemes that can achieve this in different ways and whilst Enterprise M3 emphatically supports this principle and are willing to work closely and confidentially with any private scheme promoter, we are not at this stage willing to provide a specific endorsement of any proposal over any other that has potential to deliver similar or comparable benefits.