



Driving prosperity in the M3 corridor

Hampshire County Council

The Castle

Winchester

Hampshire SO23 8UD

2nd February 2015

Airports Commission Consultation  
Freepost RTKX-USUC-CXAS  
PO Box 1492  
Woking  
GU22 2QR

Dear Sir or Madam,

**Response of the Enterprise M3 Local Enterprise Partnership to the Airports Commission's Consultation on increasing the UK's long-term aviation capacity**

The Enterprise M3 Local Enterprise Partnership welcomes the opportunity to respond to Airports Commission consultation on increasing the UK's long term aviation capacity.

**Overview of the Enterprise M3 Local Enterprise Partnership position**

Enterprise M3 Local Enterprise Partnership covers most of Hampshire and Surrey, stretching all the way from the M25 to the New Forest and includes 14 district councils. It is home to 1.65m people and supports 90,000 businesses (21.8% of the total number of firms in the South East region), who between them employ 760,000 people with Gross Value Added of £42.7 billion a year in 2012.

This is an economy that depends on strong links to the UK's international airports and where the lack of aviation capacity is viewed as limiting growth. Whilst expansion at Gatwick would have a positive impact on the LEP area, the major benefits to our economy would be met by additional capacity being provided at Heathrow; whichever option were to be chosen. We believe there is a place for one hub airport in the South-East and that should remain at an expanded Heathrow. However, we think that Gatwick will continue to have a long-term role to play as a point-to-point focussed airport.

The positive impact of Heathrow airport is felt throughout the whole area. 9,700 Enterprise M3 area residents work at Heathrow, which is 14% of the total Heathrow workforce. The Airports Commission's assessment indicates that up to 180,000 jobs could be created (including catalytic impacts) with expansion at Heathrow. If a similar percentage came from the Enterprise M3 area as at present, this could mean up to 25,000 jobs are created for Enterprise M3 area residents. Making Heathrow more accessible through the committed improved rail connections to the west and south could increase this employment potential further. The LEP is concerned about the Commission's assessment that 14,000 local jobs could be lost if expansion at

Heathrow does not proceed and this underlines the importance to our area of additional capacity being provided there.

The Enterprise M3 LEP area includes the district of Spelthorne that abuts the southern boundary of Heathrow airport and is hence most directly affected by any expansion proposals. 3,900 local residents are directly employed by Heathrow and 3,500 other jobs are in related industries located in Spelthorne.

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. 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.

Our Strategic Economic Plan, published in March 2014, sets out our vision for growth. In this we recognise the importance of both Heathrow and Gatwick and provide a compelling rationale as to why investment in the Enterprise M3 area improves the economy for local people and businesses as well as the national economy. It is one of the strongest and most resilient local economies in the country and is a location that offers opportunities for growth. We are aiming to provide the right environment to create this new growth, additional jobs and significant new export markets.

We have concluded in our Strategic Economic Plan that there is a need to expand capacity at Heathrow, to maintain its status as the UK's hub airport, through the provision of additional runway and terminal capacity, with associated surface access improvements. This is fundamental to supporting jobs and attracting and retaining businesses within our area.

We have evidence from independently funded research (London Heathrow Economic Impact Study September 2013), and other sources, that expanding UK hub capacity at Heathrow would result in significant benefits to the UK economy. This would be through increased connectivity to new and emerging international markets; as well as facilitating business travel by staff of multi-national companies in 'high-value added' manufacturing and high-technology industries, which are located in the Enterprise M3 area and surrounding LEPs. The key positive competitive effect of expanding Heathrow will be the UK's ability to retain business that would otherwise be lost to other places in Europe and to make the UK increasingly attractive for trade and foreign investment.

**Q1: What conclusions, if any, do you draw in respect of the three short-listed options?**

As indicated above the EM3 LEPs position is that there should be a single hub airport in the South-East and that should remain at an expanded Heathrow, with Gatwick continuing to play an important long-term role as a point-to-point airport. We believe that the evidence presented and the analysis that has been undertaken by the Commission reinforces this view.

We have no view or preference as to which of the two Heathrow options is taken forward.

We particularly support the Commission's conclusion that "growing an airport [at either location] will create many thousands of new jobs, both locally (in the communities that experience some of the most negative impacts of the airports) and across the country. The value of employment for individuals, their families and their communities can be transformative." The Commission's evidence demonstrates that there would be substantial economic benefits for the local and regional economies from expansion at either airport, which would contribute most significantly towards our Strategic Economic Plan growth objectives.

**Q2: Do you have any suggestions for how the short-listed options could be improved,**

No comments

**Q3: Do you have any comments on how the Commission has carried out its appraisal?**

The LEP wishes to stress the importance of surface access improvements to both Heathrow and Gatwick whichever option is recommended, and also that these improvements are needed even if airport expansion was not to be proceeded with.

We share the concerns of the local highway authority about how the local road network will cope with increased demand as a result of airport expansion. We therefore agree that it would be beneficial to carry out further transport modelling work to identify the additional transport infrastructure and capacity improvements needed to accommodate not just the growth directly associated with the expansion of Heathrow airport but also the wider economic growth that would result from any expansion. The work to date has not fully accounted for the indirect traffic impacts associated with airport expansion and the additional movements generated by more housing and new businesses attracted to the area

We note that the baseline assessment includes the Western Rail Access, Crossrail and Thameslink projects that are planned but not necessarily fully funded. It is essential that the Government and other bodies are fully committed to funding the strategic road and rail improvements necessary.

We support the inclusion of Southern Rail Access as part of Heathrow's surface access strategy. Whilst we acknowledge the reference to Staines and Waterloo, the Commission should acknowledge the potential for such a scheme to bring wider benefits to both airport users and commuters should a service and connection to Surrey and Hampshire be achievable. We would highlight, however, that we believe there is a strong case for Southern Rail Access now, regardless of Heathrow's expansion. Our Strategic Economic Plan calls for improvements in surface access to Heathrow, including a southern rail link. The National Infrastructure Plan 2014 supports this by setting out the Government's actions to make better use of existing airport capacity, including a feasibility study into Southern Rail Access.

We welcome the Commission's business case and sustainability assessment appraisals and specifically welcome within that the inclusion of the Quality of Life assessment, which recognises the importance of the impact of the proposals on the local communities.

**Q4: In your view, are there any relevant factors that have not been fully addressed by the Commission to date?**

We welcome paragraph 3.71 in acknowledging that the Heathrow proposals align well with local and regional development strategies, in general. However, we feel that the Commission underplays the importance of the growth of the Enterprise M3 LEP by focusing solely on the east-west axis along the M4 Corridor to London. As highlighted above nearly 10,000 Enterprise M3 area residents work at Heathrow, which is 14% of the total Heathrow workforce. There are also employees who work at Heathrow, who reside beyond the geography of our LEP, such as those who travel from Southampton, Portsmouth, Dorset and Bournemouth. With the Commission's assessment indicating that up to 180,000 jobs could be created with expansion at Heathrow, a significant proportion of this will be to the south and south-west of the airport.

We are disappointed that the analysis of Gatwick Airport failed to give any consideration to the importance of rail access to Gatwick from the west and north-west, along the North Downs Line. In our view the analysis was far too London centric and needs to be widened out significantly.

In general we felt that the analysis of local public transport access across each of the three options was also lacking and the role of local bus services and to a lesser extent walking and cycling were not given sufficient emphasis, particularly in the context of the increasing levels of employment each of the options could realise.

**Q5: Do you have any comments on how the Commission has carried out its appraisal of specific topics (as defined by the Commission's 16 appraisal modules), including methodology and results?**

No comments

**Q6: Do you have any comments on the Commission's sustainability assessments, including methodology and results?**

Whilst not commenting on detailed and localised issues, the LEP believes that it is of paramount importance that the environmental impact of expansion at either of the airports is mitigated as far as possible, so that local communities can realise the economic benefits of expansion without significant impact on their overall quality of life. We are concerned by the conclusion that it has not been possible to assess the transport economic efficiency, delays or wider economic impacts under a carbon-capped forecast. Whilst appreciating the difficulties related to this we welcome the further work that is proposed.

**Q7: Do you have any comments on the Commission's business cases, including methodology and results?**

The LEP doesn't have the specialist knowledge to comment on detailed figures that have been provided. However, we are concerned about the very wide range of estimates that have been used. Whilst we fully appreciate that estimates are far from an exact science, the estimates are so broad that it is very difficult to draw any meaningful conclusions from them.

One of the key differences between the Commission and the scheme promoters' assessment appears to be related to risk and optimism bias. A wide range of different assumptions have been used in the analysis of both risk and optimism bias which has produced the different results. Changes to any of these assumptions can significantly alter the final figures that are calculated and the conclusions that are drawn. Hence the Commission needs to be very careful not to place too great an emphasis on these elements of the assessment, but should be clear in its final assessment what the most realistic outcomes are based on the circumstances of the schemes in question.

However what is clear is that the economic benefits from the provision of additional capacity at Heathrow are substantially greater than would accrue from Gatwick's expansion despite the higher cost of either of the Heathrow options.

In September 2013, the Enterprise M3 LEP, in partnership with four other LEPs, jointly submitted a report prepared by consultants Regeneris on the Economic Importance of Heathrow Airport. The LEP would like to take the opportunity to re-iterate the conclusions and findings of this report. The report is available here: <http://www.westlondon.com/wp-content/uploads/2013/09/130924-Regeneris-Final-Report-24th-Sep.pdf>. In summary the report identifies potential connectivity and productivity benefits of up to £300m a year by 2014 in the Western Wedge area, which include the Enterprise M3 area.

The Commission indicates that it does not believe that expansion at Gatwick would lead to any reduction in capacity at commercial airports in London and the South East. However, it is not clear if this is backed up by any analysis or data or is just a general conclusion. It would be helpful if this could be clarified as whilst the LEP understands that expansion at Gatwick would never lead to the closure of Heathrow, we have not seen any other analysis of the impact.

#### **Q8: Do you have any other comments?**

The LEP is pleased that the principle of increased capacity being needed has been widely accepted by the Commission, but it is important that the uncertainty about where this capacity will be is removed as soon as possible. We would therefore like to see the Commission strongly emphasise to Government the need to make a firm policy decision as soon as possible once the Airports Commission's final report is published. It is also equally important that the criteria by which a final decision is made are based on sound economic principles, and that environmental issues are given full consideration. This will be crucial in supporting any subsequent airports policy.

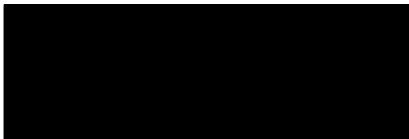
The LEP would like to reiterate its full support for three rail schemes that would provide a step change in airport surface access quality at Heathrow or Gatwick.

The Western Rail Access to Heathrow committed scheme will help improve access by rail from the western part of the EM3 LEP area, via interchange at Reading. The LEP fully supports the study currently being led by Network Rail on a Southern Rail Access to Heathrow.

The LEP's Strategic Economic Plan identifies that both a western and a southern rail access to Heathrow combined with service and infrastructure enhancements on the Basingstoke to Reading and Reading-Guildford-Redhill-Gatwick 'North Downs' lines are vital rail infrastructure improvements. 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. Improving connectivity to our international gateways and ensuring a resilient and reliable transport network are key priorities for the LEP.

The LEP also fully support the proposals for the Regional option of Crossrail 2 being developed by Transport for London and Network Rail. The LEP would like to see the development of Crossrail type funding mechanisms to help accelerate delivery of the other surface access schemes identified as part of the short-listed airport expansion proposals.

Yours sincerely

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