

15th January 2021

UK Parliament Transport Committee

Submitted via the online call for evidence to:

<https://committees.parliament.uk/work/887/major-transport-infrastructure-projects-appraisal-and-delivery/>

Dear Sir / Madam,

Re: UK Parliament Inquiry into Major transport infrastructure projects: appraisal and delivery

Please accept this letter as a submission from the [Solent Local Enterprise Partnership](#) to the call for evidence to the UK Parliamentary Inquiry into Major transport infrastructure projects: appraisal and delivery.

With three islands, three peninsulas, and 340 miles of coastline, the Solent economy is inextricably influenced by its coastal geography, which gives it a unique economic and cultural identity. Overlaid on an outstanding physical geography and natural environment is a growing population, the most urbanised area of southern England outside London, and the role of the area as home to a number of nationally significant economic assets such as the Port of Southampton (the UK's primary export port and largest exporter to non-EU markets), the ExxonMobil Petro-chemical site at Fawley (the UK's largest and most complex refinery), Her Majesty's Naval Base in Portsmouth (the home of the Royal Navy), Portsmouth International Port (providing more routes to the EU than any other UK port), the Marchwood Sea Mounting Facility and Commercial Port, and Southampton International Airport, that define the Solent as a the UK's primary Gateway economy, where connectivity is key. Indeed, the Solent economy produces much larger spill over effects into the UK economy than many other regions. This is because it is more open than other regions and trades through its international port status, but also its high value added manufacturing and marine maritime sectors.

In particular, the Port of Southampton performs a crucial role for UK plc. It is the UK's biggest export port, with over £40bn of UK manufactured goods exported from Southampton each year – 90% to destinations outside the EU. 1 million cars pass through the port each year - 60% for export - ensuring Southampton plays a critical part in the supply chain for the British Automotive industry as it seeks to access global markets and there has a dual impact on levelling up - supporting levelling up of the Solent economy, but also the UK's manufacturing heartlands. Southampton is the UK's most efficient container port and is the biggest cruise turnaround port in Europe, with over 500 cruise ship calls per year, and handling over 2 million passengers. Despite the devastating impact of COVID-19 on the cruise sector, forecasts for growth are staggering with passenger number expected to double in the next 15 years. Each cruise ship call brings in £3m to the local economy, and has seen globally-leading companies such as Carnival establishing their HQ in the area.

The presence of such as large number of nationally significant gateway assets places unique demands on economic infrastructure - and in particular transport infrastructure and operations - that are not felt elsewhere.

Whilst the geographic position of the Solent provides a significant strategic advantage - with the closest deep water ports to the key shipping super-highways - this same natural geography does impose constraints on movements of both people and freight that do need to be addressed and contribute to the economic underperformance of the Solent economy and the need for levelling up.

Like many coastal communities, parts of the Solent suffer from disconnection and have largely been left behind as the UK economy and has seen major change as they respond to de-industrialisation, changes in tourism, and globalisation. It is important to note that the Solent area is not a typical south east economy and is more akin to a northern conurbation. Pre-Covid-19, the GVA of the Solent was £31bn. The largest Local Authority contributors to GVA in the Solent are Southampton, Portsmouth, New Forest and Eastleigh. Gosport generates the lowest amount of GVA (at £0.99 billion).

In 2018, each job in the LEP area was estimated to generate £47,400 GVA over the year, which is 1% below the UK average of £47,800 GVA per annum. However, the LEP records noticeably lower (9%) workforce productivity than the South East average (of £52,000 GVA per annum). The local authority within the Solent with the lowest GVA per worker is Isle of Wight (£39,700) - some 17% below the national average.

The structure of the Solent economy (the dominance of maritime and international trade services, and the visitor economy) has meant that the COVID-19 pandemic and EU Transition have had disproportionate impacts locally. Evidence is forecasting that the economic impacts of COVID-19 will be most severely felt in coastal economies. Useful references in this regard include:

- [COVID-19 and our towns](#)
- [The geography of the COVID-19 crisis in England](#)

The COVID-19 pandemic has seen the acceleration of trends that have implications on transport demand and investment in the future. In particular, lockdown measures and social distancing have seen large numbers of people working from home, and a consequent reduction in travel movements. Businesses are realising the productivity, cost, and wellbeing benefits of this transition, and it is likely that the new ways of working will continue in a post-COVID world.

In addition, the increased use of e-commerce and online shopping has accelerated, which, in turn has implications for the future of High Streets, and their transport needs. In 2020, as high as 87 percent of UK households made online purchases within the preceding 12 months, making this the highest online purchase penetration rate in the country in the past 11 years¹. Furthermore, ONS figures show

¹ <https://www.statista.com/statistics/275968/online-purchasing-penetration-in-great-britain/>

that online retail sales as a percentage of total sales stood at 19.1% in February 2020, rising to 36% in November 2020².

For disconnected coastal communities such as the Solent, these accelerations provide a significant opportunity to realise a coastal renaissance - but vastly improved digital connectivity will be key. Like many coastal communities, much of the Solent is disconnected - particularly communities within our islands, peninsulas and rural areas such as the New Forest and Isle of Wight - and parts these areas perform poorly in socio-economic terms. The greatest concentrations of deprivation can be found within Portsmouth and Southampton, with other notable concentrations located in Gosport and Havant. In the Portsmouth city region, the major concentrations of deprivation can be seen east of Portsmouth Naval Base and docks, as well as within Cosham, Havant and Gosport town centres. Similarly, in the Southampton city region, the most deprived parts are located north of the Port of Southampton, east of the city centre and in Weston. These areas typically have a significant proportion of LSOAs falling within the top 10% most deprived in England.

As evidence begins to indicate a shift of businesses away from traditional centres of commerce (primarily London) to more dispersed locations, the Solent - with its outstanding natural environment - has a real opportunity to provide the world-class business environment to cater for this trend, retain talent, and realise the levelling up of the Solent economy.

In consideration of this the LEP supports the decision of the Committee to consider planned infrastructure investment within the context of the changes brought about by the pandemic to travel and communication, the likely consequent future pressures on public spending, the usefulness and cost-effectiveness of some major transport projects, and how extant plans align with the ambition for Net Zero. The LEP would strongly urge the Committee to recommend a significant rebalancing of infrastructure spend towards ubiquitous superfast broadband coverage to ensure that all areas of the UK - including those areas that have been consistently left behind, such as the Solent, can play an active role in the UK economy and realise their potential.

At the same time, the gateway status of the Solent and the role it performs in the UK's trading capability means that more traditional major transport infrastructure will remain important to connect the Solent (and the UK) with its trading partners. Indeed, the Solent will be applying for Freeport status, and is developing a very clear, strong, and highly innovative proposal to ensure that the UK's premier gateway region is optimised to strengthen the UK's trading position, drive the levelling-up agenda both within the Solent the UK's manufacturing heartlands, and pioneer green growth and the pathway to Net Zero.

In this regard transport connectivity - particularly with regard to the movement of freight - will remain important within the Solent context, ensuring that our sea ports continue to perform the critical role they do within the UK support chain and exporting. It is imperative that the planned Highways England

² <https://www.ons.gov.uk/businessindustryandtrade/retailindustry/timeseries/j4mc/drsi>

scheme to transform Junction 9 of the M3 (where it connects to the A34) is delivered as soon as possible, as this is a bottleneck for freight movements between the UK's manufacturing heartlands and their route to export through Solent's ports.

Investment in, and regulatory easements to securing approvals for, dredging to provide access for the increasingly large ships (Cruise, Container, and Navy) should be a national infrastructure priority to ensure the continued dominant role of the UK for the cruise market, so that UK exporters can take advantage of the efficiencies that the world largest container ships bring, and for our strategic defence function.

As noted above, the Solent is home to the ExxonMobil refinery at Fawley, near Southampton, which is the largest in the UK and one of the most complex in Europe. Situated on Southampton Water, it has a mile-long marine terminal that handles around 2,000 ship movements and 22 million tonnes of crude oil and other products every year. The refinery processes around 270,000 barrels of crude oil a day and provides 20% of UK refinery capacity. It provides the aviation fuel by a direct 105km pipeline that keeps Heathrow operating, as well as other nationally critical pipelines to Birmingham and Avonmouth. The Secretary of State for Business, Energy and Industrial Strategy decision to grant development consent for the Southampton to London Pipeline Project is welcomed and demonstrative of the important role the ExxonMobil facility plays within the UK economy.

As a coastal community that needs levelling up, inter-regional air connectivity takes on a particular importance. Southampton International Airport has one of the shortest runways of any commercial aerodrome in the UK. The current length of the runway is a significant limiting factor on the mix, size and range of commercial aircraft that can be accommodated, which restricts the breadth of destinations served and does not support the resilience to market fluctuations that a larger range of carriers would provide. The UK Government's Aviation Policy Framework (2013) sets out national policy that allows the aviation sector to continue to make a significant contribution to the UK's economic growth. A key priority of this framework is to work with the aviation industry to make better use of existing capacity at airports across the UK.

The airport submitted a planning application to Eastleigh Borough Council for a 164 meter runway extension in October 2019, which was predicated on growth scenarios set out in [Southampton Airport's Master Plan 2037 - A Vision for Sustainable Growth](#), published in 2018, prior to the collapse of Flybe and the COVID-19 pandemic. This included growth plans to create 400 new jobs and boost its economic benefit to the region from £160m a year up to £400m by 2037. Within five months of the submission of the planning application, Flybe, which operated around 85% of all flights at Southampton ceased trading on the 5th March 2020. Later that month, on the 23rd March the first UK lockdown started. This had a devastating impact on air travel and its supply chain. On 22nd September 2020, [new figures](#) from the Civil Aviation Authority revealed between March and August this year the total number of passenger dropped by 715,464 at Southampton (an 83% decrease from the year before). As such the planned runway extension and associated works is no longer an investment decision to grow airport capacity, but now, fundamentally, about the airport's very survival.

Without the runway extension the future of the airport is uncertain and with this, the relative disconnection of the Solent - its businesses and communities - will be exacerbated. It is therefore imperative that the application is permitted. Moreover, Southampton International Airport has an opportunity to be at the forefront of Jet Zero - as set out in the [Ten Point Plan for a Green Industrial Revolution](#) - through its focus on shorter-distance connections and links to local research and academic assets - most notably the University of Southampton, which is a world-leading aerospace university. Combined with the existing work the Solent is pioneering on green shipping and autonomy, there is a real opportunity for Southampton International Airport to perform a key role in the UK's ambition to be at the forefront of low carbon travel and Jet Zero.

As noted above, the coastal nature of the Solent, with three islands and three peninsulas, and dissecting waterways that make getting between places significantly further than the '*as the crow flies*' distance, makes getting around the area challenging. The Solent's waterways perform an important, yet under-utilised, asset for the movement of people. Those services that do exist - in particular the routes to / from the Isle of Wight, the Gosport Ferry, and the Hythe Ferry, have demonstrated their role as critical lifeline services through the pandemic and support economic resilience. All are operated on a commercial basis and so rely on passenger volumes, which understandably have fallen off as a result of the social distancing and lockdown requirements of the response to controlling the spread of COVID-19. However, they have demonstrated that they provide a critical lifeline service to connect people with their places of work, get produce on shop shelves, move patients to hospitals and provide economic resilience. Going forward, it will be important that the critical role of such services - which are very specific to coastal communities - are fully understood and that their key role is fully recognised.

The LEP welcomes the publication of a refreshed Green Book to ensure that project appraisals properly analyse how proposals deliver the government's key priorities, including levelling up, and how they will impact different places. In the past this has had a tendency to perpetuate regional imbalances with those areas that most need investment unable to secure the level of benefits that more prosperous areas could demonstrate. The DfT WebTAG appraisal methodology has a tendency to favour highway schemes that promote use of the private car too, mitigating against the emergence of public transport schemes that would reduce congestion, connect disadvantaged communities, deliver air quality benefits, and secure progress towards Net Zero. The LEP, therefore, welcomes the decision of the panel to consider the effectiveness of the Government's decision-making and appraisal processes for transport infrastructure projects and any changes required to the 'Green Book'. Locally, the Isle of Wight often suffers in this regard, as any infrastructure project on the Island will attract an 'Island Premium' due to the costs associated with getting plant to and from the Island, as well as the challenges associated with securing the levels of monetised benefits that more densely populated areas are able to demonstrate.

In summary, the LEP supports the decision of the Transport Committee to hold an inquiry into the appraisal and delivery of major transport infrastructure projects to better understand what lessons



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can be learned and applied. The LEP would highlight the opportunity - through the delivery of digital and transport infrastructure - to level up the Solent economy, secure progress on the route to Net Zero, and strengthen the UK's global trading position.

Should you have any questions regarding this response, please contact stuart.baker@solentlep.org.uk.

Yours sincerely,

A handwritten signature in black ink, appearing to read "B. R. Johnson".

Brian Johnson
Chair
Solent Local Enterprise Partnership