

**Matter 1D / Government Office for the South East of
England (7447)**

Draft RSS for The South East of England -The South East Plan
Examination in Public - November 2006 to March 2007
Written Statement on behalf of HM Government - October 2006

1. The Government is committed to the timely delivery of the infrastructure and services required to support growth within South East England. The provision of transport; flood defences; utilities; schools; hospitals and other premises for the delivery of health and social care; shops; affordable housing; green spaces and other facilities is essential to ensure the delivery of sustainable new communities and the invigoration of existing communities. The government believes this can be achieved by:
 - ensuring that mainstream funding reflects the needs of growth and is delivered in a timely manner;
 - maximising the potential for private sector contributions;
 - providing selective additional grant funding for schemes critical to unlock major growth schemes/locations.

 2. We welcome the draft RSS's (South East Plan (SEP)) commitment to the provision of infrastructure, however it is of concern that the plan fails to adequately address the full range of infrastructure necessary to support the growth of the region. The revised draft Implementation Plan details a broad range of infrastructure types considered necessary within the region, however it appears that to date little work has been done to articulate these needs or identify how they are to be delivered. We feel this infrastructure definition should be included within the plan to highlight the importance of all forms of infrastructure in the creation of sustainable communities.
- 1D.1 Does the draft RSS strike an appropriate balance between encouraging demand management/making the best use of existing infrastructure and seeking the provision of new infrastructure? Can the approach taken be reconciled with the sustainable development aspirations of the Plan?**
3. A key driver of demand for all forms of infrastructure within the region is underlying changes in patterns of consumption and changes in lifestyle. Housing and population growth will in many instances result in only marginal increases in demand for services, education, transport, water and other infrastructure, over and above that driven by changing consumer behaviour and economic growth. This growth in underlying demand is reflected in historical patterns of government infrastructure investment in the region, the growth of which has in recent years

increased broadly in line with population and housing growth (see graphs provided in the following section).

4. The Government's approach to the provision of infrastructure seeks to manage the underlying growth in demand for infrastructure and services. For many forms of infrastructure such as water and transport this is managed through a 'twin track' approach. This approach combines demand management measures to reduce per capita demand for certain types of infrastructure with targeted investment in infrastructure projects, aimed at addressing significant problems in areas where growth can be most efficiently be accommodated. This enables infrastructure provision to be considered in a more integrated manner with development. The Government's approach to demand management and investment for both water and transport are addressed more fully in statements on Matters 1E and 3.
5. It is considered there are opportunities within the region to make better use of existing and proposed community infrastructure. Policies S5, S7 promote the broader use of schools and other community facilities within the region, while Policy S8 promotes the provision of mixed use community facilities. These policies are to be welcomed within the plan. We would, however, ask the panel to consider if the plan should be more explicit in ensuring that such facilities are provided as a central element of new and regenerated communities.
6. Within the National Health Service (NHS), an approach to demand management has attempted to shift the demand for care services delivered from more centralised locations such as District General Hospitals, to more local community and primary care provision. This results in reduced demand for more centralised hospital facilities and consequent reduced travel and transport needs but an increased requirement for delivery of services in the community. Two consequences emerge from this approach:
 - o a fewer number of very high tech acute hospitals covering a wider catchment area and catering for those who truly need to have their care delivered in a hospital environment; and
 - o further development of higher quality, high tech (eg telecare enabled) community based facilities to provide care previously provided in hospital. These can, and often would be encouraged to be joint ventures with other local providers of services such as social care or educational establishments.
7. As a result, the likelihood is that the NHS will not need a major series of new hospitals to be built to meet population growth but may be seeking both the enhancement of a number of larger acute facilities largely on existing sites with the consequent change of use of a number of hospital sites across the South East Region aligned with simultaneous development of such community facilities, sometimes on existing acute

hospital premises. Recent studies in the Milton Keynes South Midlands Growth Area have endorsed the merits of such an approach.

1D.2 Has sufficient account been taken of infrastructure capacity and delivery mechanisms in setting the development framework for the region?

1D.3 How realistic is the principle that the scale and pace of development should be dependent on there being sufficient infrastructure capacity (Policy CC5)?

1. Government recognises that the provision of infrastructure and services is critical to the delivery of sustainable communities. Failure to invest in infrastructure will make Growth Areas in the South East unattractive to potential residents, investors and new arrivals, as well as disadvantaging existing residents. As outlined in Government's representations on the draft SEP, we are concerned that the development framework of the SEP does not take adequate account of infrastructure capacity in the region. PPS11 requires the regional planning body to consider a range of strategic options and to test the impact of these as a part of the Sustainability Appraisal process. There is little evidence to suggest the Assembly has considered a scenario of locating development where it will generate least new infrastructure, or least infrastructure cost, or make best use of existing infrastructure capacity.
2. Current Government infrastructure funding arrangements provide for growth in areas where infrastructure may most easily, and cost effectively be delivered and also looks to managing existing infrastructure networks in a more innovative manner: Demand management and better management interventions are essential and generally initial components in addressing the demand associated with demographic change, economic and development growth. Such management was the original reasoning behind the development of the Growth Areas as opposed to more decentralised growth across the Region.
3. The South East region has seen levels of Government funding increase significantly over past years and current commitments will see this trend continue in coming years. Total government spending (capital and revenue) in the South East has increased in line with both population growth and dwelling completions. Identifiable public expenditure per head in the South East has risen 47% over the period 2000/01 to 2005/06, higher than the nationwide growth over the same period of 37% (Source: *Public Expenditure Statistical Analyses 2006*). Growth in Capital expenditure, though expressed in absolute terms, has also risen substantially over the past 5 years (substantially higher than inflation over the same period). The following table shows the absolute growth in capital expenditure for key infrastructure areas in the South East:

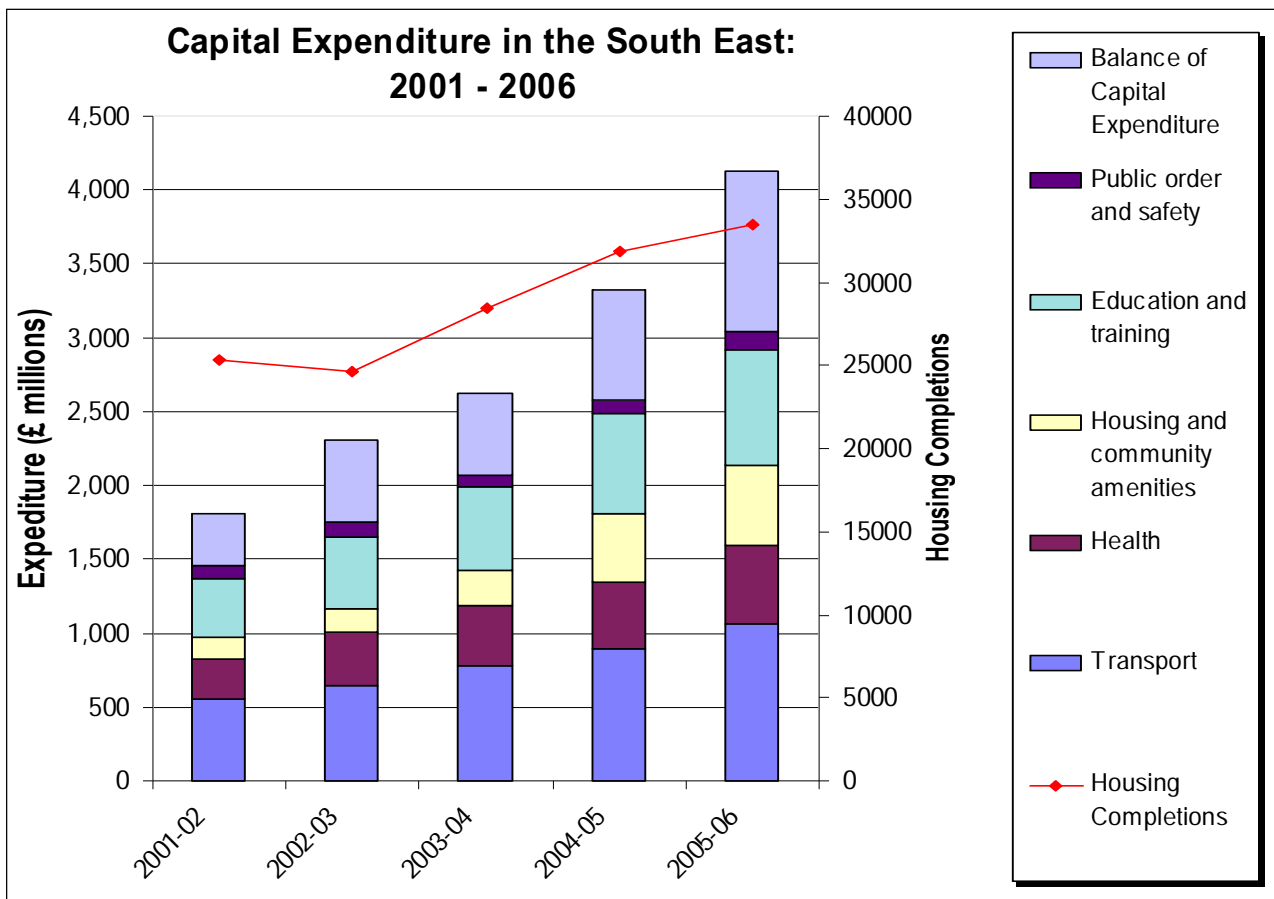
Capital Expenditure in the South East 2001 - 2006

All costs in £ Millions	Transport	Health	Housing and community amenities	Education and training	Public order and safety
1998-99	343	75	98	219	42
↓	↓	↓	↓	↓	↓
2001-02	549	276	152	394	90
2002-03	641	368	154	491	99
2003-04	785	405	231	568	82
2004-05	890	451	473	671	95
2005-06	1,058	540	543	774	125

% Increase 2001/02 to 2005/06	Transport	Health	Housing and community amenities	Education and training	Public order and safety
	93%	96%	257%	96%	39%

Source: Public Expenditure Statistical Analyses 2006

Relatively modest growth in capital expenditure on Public Order and Safety are offset by significant growth in the years immediately preceding 2001/02.



Source Data: Expenditure Figures sources from Public Expenditure Statistical Analyses 2006, Housing Completions from South East Regional Monitoring Report 2005 (NB: 2005/06 completions data estimate based on housing trajectory).

4. There are a number of specific government funding programmes operating within the region aimed at facilitating housing and economic growth and which have an emphasis on infrastructure delivery:
- Growth Area Funding (GAF): Funding to help deliver sites within growth areas.
 - CIF (Community Infrastructure Fund) - capital funding (£200 million for 05/06 and 06/07) for transport projects within growth areas (Milton Keynes, Thames Gateway and Ashford).
 - TIF (Transport Innovation Fund) - schemes seeking to either improve national productivity or reduce road congestion.
 - New Growth Points initiative provides partnerships between select local authorities and central government to deliver additional housing growth and the infrastructure required to support it. The Government's announcement in October 2006 provides initial funding for a range of infrastructure and projects, master planning and capacity studies at a number of centres in the south east.
5. Government is also working with regional partners, the Regional Assembly and the South East England Development Agency, to ensure that funding required for important transport, housing and economic development infrastructure is identified and bids placed with central government Departments through Regional Funding Allocations. To date government has agreed to the three year programme of local transport infrastructure funding.

INDICATIVE REGIONAL FUNDING ALLOCATIONS (£ Millions)

	2005- 06	2006- 07	2007- 08	2008- 09	2009- 10	2010- 11	2011- 12	2012- 13	2013- 14	2014- 15	2015- 16
Transport	135	138	141	144	147	150	154	157	160	164	167
Housing	367	384	421	429	438	447	456	465	474	484	493
Economic Development	157	163	167	170	174	177	181	184	188	192	196
Total	659	685	729	743	759	774	791	806	822	840	856

NB: Figures beyond 2007-08 are planning assumptions.

6. It should also be stressed that as a part of the 2007 Comprehensive Spending Review (CSR07) Government is reviewing infrastructure investment required to support the Government's housing and population growth aspirations¹. Preliminary recommendations from this review should be available in early 2007, and will inform Government spending decision from 2007/08.

¹ Terms of reference for the CRS07 cross cutting review are available from: http://www.hm-treasury.gov.uk/media/63A/9F/crs07_housinggrowth_tor.pdf

7. Government and local partners are also working to encourage stronger joint ventures and agreements between private sector investors and public agencies on long term planning for the costs of growth and the development of a collaborative approach to funding for growth. In July 2005, the Government published its revised s.106 Circular, which provides for developer contributions to strategic as well as local infrastructure where development plan documents support their need as necessary for the development to proceed. The government has also recently consulted on the introduction of a Planning Gain Supplement (PGS) to supplement funding for infrastructure throughout the region. PGS will seek to tax increases in property value attributable to the granting of planning permissions. A final announcement on PGS is currently expected in December 2006.
8. There a number of major capital programmes related to the skills and education agenda (for example Building Schools for the Future, which aims to re build or refurbish every school in England in the next 15 years) that will last through much of the lifetime of this plan and which have not been considered within the SEP. The Plan needs to reflect the need to encourage co-operation on development strategies to deliver the skills agenda for example Higher Education investment; Learning & Skills Council regional capital strategy; Building Schools for the Future; and Local Authority capital spend
9. Government has a number of specific concerns in relation to Policy CC5, and these are outlined in Part B of Government's representations on draft RSS. In the main we are concerned that Policy CC5 is aspirational, and provides no real guidance on infrastructure and implementation. In its current wording, CC5 may act as a brake on housing and economic growth within the region. We would ask the panel to consider if this policy may be better phrased to recognise the importance of the link between infrastructure and growth and how the SEP is to achieve this?