

The Rt Hon John Prescott, MP  
Deputy Prime Minister and First Secretary of State  
Office of the Deputy Prime Minister  
Zone 1/A6  
Eland House  
Bressenden Place  
London SW1E 5DU

31 January 2006

Dear Deputy Prime Minister,

### **Investing in our prosperity and quality of life: the regional funding allocation for South East England**

We have pleasure in enclosing the region's advice to Ministers on the alignment of regional spending priorities for transport, housing and economic development, as requested of us last July. This advice has had the benefit of extensive debate within the region and wide-ranging involvement by stakeholders. The three regional boards - for transport, housing and the RDA - have all contributed specific elements and the whole has been endorsed in the past two weeks by both the Regional Assembly's Executive and the SEEDA Board.

While we have ensured that this document is concise and focused, in submitting this advice we wish to draw your attention to three key points:

1. Regional budgets are welcome but they are inadequate to the infrastructure challenge this region faces if it is to remain globally competitive and continue to lead the UK's economic prosperity.
2. Our strong view is that confidence in infrastructure promises is essential and that existing spending commitments must therefore be honoured. Indeed, thanks to the uncertain resource context hitherto, few proposals beyond those committed are yet 'investment-ready'; that is why we are also looking for ways to speed up project development and delivery. As more freedom of movement becomes possible we expect to build capacity and confidence in order to exploit the potential and flexibility of devolved regional budgets.

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3. Critical to making that difference is our innovation - the proposal for a revolving Regional Infrastructure Fund that would lever in other additional resources thanks to the buoyancy of the economy and the development markets in the South East. Harnessing and recycling development gains systematically to support growth is a trick so far missed but one that we all recognise must be pulled off here if it is to work anywhere; Planning Gain Supplement offers an opportunity to boost this approach providing it proves to be a local levy and not a Treasury tax.

We look forward to working closely with central Government in taking forward the region's advice. That dialogue begins today with the South East Conference of business and community leaders which Ministers John Healey and Stephen Ladyman are both addressing. We hope to see this positive approach continuing throughout the forthcoming spending review.

Yours sincerely,

(original signed)

**Cllr Keith Mitchell**  
**Chairman of the Regional Assembly**

(original signed)

**James Brathwaite, CBE**  
**Chair of SEEDA**

**Enc.**