

**SOUTH EAST ENGLAND REGIONAL ASSEMBLY
REGIONAL PLANNING COMMITTEE**

Date: 26 July 2006

Subject: **South East Plan – Implementation Plan**

Report of: Planning Implementation Director

Recommendation:

That the Committee note the progress being made in respect of the development of the Implementation Plan.

Purpose of Report:

To advise members of the Regional Planning Committee on the work currently underway in support of developing the Implementation Plan of the South East Plan.

Key Issues:

The Implementation Plan is critical to the success of the South East Plan. A draft of the Implementation Plan was submitted to the Government at the end of March 2006, however further work is required to provide the appropriate level of detail. The report sets out the nature of the work underway and invites members of the Committee to comment on progress to date.

I. The Implementation Plan

- I.1 The Implementation Plan is an integral part of the South East Plan and as such it will form part of the statutory Development Plan. It provides the basis for identifying the overall level of investment required to deliver the desired outcomes set out in the South East Plan, and the Regional Economic Strategy.
- I.2 As the business plan for the delivery of planned growth in a sustainable way it will set out what investment is required, who needs to make the investment and when it is required to be made. It will consider the contributions from both the public and private sector in terms of delivery. It will also identify how the key behavioural changes on which delivery of the regional objectives are dependent will be realised.
- I.3 The Implementation Plan provides for the first time the opportunity to establish a clear framework within which the investment decisions of key delivery agencies can be co-ordinated in a more effective manner towards a common set of objectives. It provides the basis for:
 - a) arguing the need for sustained investment by the public sector in infrastructure provision;
 - b) ensuring that the reviews of regulated industries, particularly the rail and utility sectors, ensure that future pricing regimes enable the required investment to be made at the appropriate time; and
 - c) identifying the potential for funding from the private sector to contribute to the delivery of specific pieces of infrastructure.
- I.4 The focus of the Implementation Plan will be infrastructure that is of regional and/or sub-regional significance. It will provide the basis for identifying the phasing of infrastructure investment. The Implementation Plan will not consider infrastructure requirements more appropriately considered at the level of the Local Development Framework.
- I.5 The recent Panel Report of the Examination in Public of the East of England Regional Spatial Strategy gives a potential insight into the way that the issue of implementation might be debated at our own Examination in Public.
- I.6 A key recommendation from the Panel's report is that "implementation will be secured through (inter alia) the establishment of a regional co-ordinating body which will devise a region-wide implementation plan including a broad prioritised infrastructure budget, secure sufficient funding for essential physical and social infrastructure to be provided in step with regionally and locally identified needs."
- I.7 The importance attached to the Implementation Plan for the South East Plan and the approach being pursued in its development appears to be very much in tune with the thinking of the East of England Panel.

2. Conditions for Realising Effective Implementation

- 2.1 The current draft of the Implementation Plan, submitted to the Government in March 2006, identifies the need for certain conditions to be in place if planned growth is to be delivered.
- 2.2 Sustained Levels of Public Sector Investment
- 2.2.1 Work undertaken as part of the South East Plan has considered, in broad terms, the issue of the quantum of funding available to support delivery of planned growth. If public sector funding available to support infrastructure provision remains at its current level, this work suggests that there will be a funding gap, estimated as being in the order of between £4bn and £8bn over the 20 year period covered by the South East Plan. The biggest areas for concern remain investment in transport infrastructure and affordable housing.
- 2.2.2 Clearly if the level of public sector funding available is reduced as a consequence of CSR07 this gap will increase, raising doubts on the ability to deliver planned growth. Ensuring that the level of public sector funding available is sustained will therefore continue to be a key challenge facing the region.
- 2.2.3 This is a challenge that must be pursued as a priority in relation to the work underway as part of the preparation for CSR07. It is an issue on which the effectiveness of the region's argument would be enhanced considerably if it were possible to develop a single Implementation Plan for the region. The recent announcement by Government in response to the region's submission on Regional Funding Allocations serves to highlight the importance of the region speaking with a single clear voice when it comes to priorities for investment.
- 2.2.4 At the Plenary meeting in Hove on 12 July the Assembly resolved to develop an Implementation Plan for the region that forms part of the South East Plan but which fully reflects the implementation issues associated with the Regional Economic Strategy. It also resolved to work with SEEDA to develop the region's Implementation Plan.
- 2.2.5 During the debate on the concept of a single Implementation Plan it was acknowledged that there may be areas of policy where the Regional Assembly and SEEDA may have a different emphasis. It is therefore important that in producing a single Implementation Plan for the region both organisations have the ability to acknowledge these differences where they exist. However it is clear that the areas of common ground far outweigh the number of differences and this should enable the key elements of a single Implementation Plan to be agreed.
- 2.2.6 The Assembly secretariat will continue to work with the SEEDA secretariat on the development of a single Implementation Plan.

- 2.3 Increasing the Alignment in Investment Decisions
- 2.3.1 A key challenge facing the Implementation Plan is the need to achieve a more effective alignment of the investment plans managed by the key delivery agencies. As a first stage in this process the Assembly commissioned ground breaking research that provides an overview of the decision making processes and their timing for a range of critical areas of infrastructure. Such an overview has never existed previously and serves to illustrate one of the major benefits arising from the switch to a spatial planning approach.
- 2.3.2 As a follow on piece of research, the Assembly is working with the PUSH authorities to develop a more detailed understanding of how the inter relationships between infrastructure providers operate at the sub-regional level. A workshop with the PUSH authorities and key delivery agencies was held on 7 July.
- 2.3.3 Feedback from the participants in the workshop has been extremely positive, with participants agreeing to continue to meet in such a forum on an ongoing basis. It is this level of dialogue and liaison that will be essential if the planned levels of growth in the PUSH area are to be supported by the necessary infrastructure.
- 2.3.4 A report on this second phase of work is in preparation and will be published shortly. This should provide a basis for adopting a similar approach to the other sub-regions identified in the South East Plan.
- 2.3.5 In addition to the research commissioned by the Assembly the Secretariat is enhancing the liaison with other sectors critical to the delivery of the South East Plan.
- 2.3.6 A meeting has been held with the regional secretariat for the Museums, Libraries and Archives that will enable the statutory requirements associated with this dimension of the cultural infrastructure to be more adequately reflected within the Implementation Plan. It is also hoped that this initial contact will be broadened out to include sports and other cultural activities.
- 2.3.7 The Assembly Secretariat is supporting a piece of work commissioned by the Environment Agency that aims to develop a better understanding of the environmental infrastructure required over the next 20 years. This piece of work will look beyond the work already undertaken by the Environment Agency into water supplies and water quality.
- 2.3.8 Finally the Assembly Secretariat has begun to make contact with the regulatory bodies for sectors such as water, rail and energy. The initial focus of our work is to gain a better understanding of the regulatory frameworks themselves. This will then allow us to identify the most appropriate way forward for ensuring regulatory reviews reflect the need to provide the funding required for capital investment.
- 2.3.9 A related area of work is that associated with the sub regional strategies. A contract has been let to undertake an audit of the infrastructure requirements identified by the sub regional groups. The audit, which is being

undertaken in liaison with the sub-regional leads, is aimed at ensuring that the investment frameworks are presented on a consistent basis. It also provides the opportunity to ensure that the outcomes arising from the investment are clearly identified and that any sensitivity in terms of the timing of the infrastructure is fully understood. The outcome of the audit will be reported to this Committee in due course.

2.4 Increasing the Contribution from the Private Sector

- 2.4.1 Research commissioned by the Assembly into the potential benefit of introducing a Planning Gain Supplement suggests that such a levy would increase the contribution from the private sector towards the cost of providing the infrastructure required to support growth, possibly in the order of £3bn. It is on this basis that the Assembly gave a cautious welcome to the principle of PGS.
- 2.4.2 The Assembly has recently completed a further piece of research into the benefits of local, as compared to central, administration, collection and distribution of a PGS levy. This research provides further evidence in support of the Assembly's position that a PGS levy should be collected locally. It highlights the opportunity that exists were PGS to be made part of the town planning system rather than part of the taxation system. Such an approach would increase confidence within communities that the impact of incremental development was being properly addressed. It would also support the argument emerging from the Lyon's review that local authorities have a key role in shaping their community.
- 2.4.3 The latest research reminds us that the introduction of PGS will not, by itself, simplify the planning obligations regime and goes on to suggest that the Government's proposal to make a legislative distinction between matters related to the development of the site environment and off-site matters is likely to be impossible to achieve in practice. In particular, Government's proposal to apply a hard and fast rule that most of transport and all health and education expenditure should come from PGS and not S106 is highlighted as being flawed. The research continues by suggesting that a better alignment might be to fund site-related and community related items from S106 leaving PGS for more strategic items.
- 2.4.4 The research concludes by emphasising the importance of ensuring that the allocation of PGS funds is co-ordinated through a Local Infrastructure Plan that forms part of the LDF. Such a Plan would identify local needs, potential sources of funding and their likely contributions, and funding gaps. It would also provide a transparent basis on which to allocate PGS revenue. The preparation of Local Infrastructure Plans would build upon and develop detail at the local level in a way that is complementary to the regional framework set out in the Implementation Plan forming part of the South East Plan. It is interesting to reflect on the fact that the potential benefit of Local Implementation Plans as an integral element of the LDF was something identified in the Assembly's initial work on infrastructure completed some two years ago.

- 2.4.5 The Assembly's work on PGS has been considered by the House of Common Communities and Local Government Committee and continues to be the subject of an on-going dialogue with the Department for Communities and Local Government.
- 2.4.6 While PGS will help close the funding 'gap' it is unlikely that it will address the issue in its entirety and additional funding, from a combination of the private and public sectors, will be required if the levels of growth set out in the South East Plan are to be delivered in a sustainable manner.
- 2.4.7 Although closing the funding gap will in itself be important, the issue will remain as to how to ensure the timely delivery of infrastructure. A particular issue will remain where the delivery of planned growth is dependent, either in part or in whole, on the provision of infrastructure, the funding of which is itself dependent upon a funding contribution from the self same development, the availability of which is dependent on the development taking place in the first place.
- 2.4.8 It is in such circumstances that the significance of PGS as an opportunity to act as a catalyst for change becomes clear. The revenue stream generated by PGS enables a funding mechanism to be established through which infrastructure investment could be forward funded thereby facilitating the delivery of planned growth. The proposed Regional Infrastructure Fund is just such a mechanism. The concept of such a fund was originally set out in the region's submission on Regional Funding Allocations. Informal feedback from Government officials indicates that it would be timely to develop the concept further. Work is therefore underway jointly with SEEDA to produce, as we had always intended, a 'prospectus' for the RIF. The prospectus will provide the focus for debate and sign-up within the region as well, thereafter, as for discussion with Government. As such the prospectus will provide one of the region's key inputs into CSR07.

2.5 Acknowledging the Gateway Function

- 2.5.1 Both the South East Plan and the RES identify the critical role that the region plays as the international gateway for much of the country. As a result many of the pressures on the region's infrastructure arise from the transit movements through the region. It is important that the benefits that accrue to the rest of the country from this role are reflected in the resources made available to support investment in infrastructure, particularly transport infrastructure. This serves to reinforce the importance of the region speaking with one voice in its dialogue with Government and emphasises the importance of preparing a single Implementation Plan for the region.

3. Next Steps

- 3.1 The submission of the South East Plan to the Government in March 2006 made it clear that the Implementation Plan was 'work in progress' and that the Regional Assembly would continue to work on the development and refinement of its contents in the period prior to the Examination in Public.

- 3.2 There is an extensive programme of ongoing work associated with the Implementation Plan that involves delivery agencies across the region at all levels. This will enable the region to develop a strong evidence base to underpin its case for investment in the infrastructure required to support delivery of planned growth set out in the South East Plan.
- 3.3 As part of the process to develop a single Implementation Plan for the region the Assembly will organise a Regional Infrastructure Summit for the early autumn. This summit will provide a forum in which the outcome of the work being co-ordinated by the Assembly can be presented for the first time as a package of co-ordinated measures and proposals. It will ensure that key delivery agencies are involved at a critical stage in the development of the region's Implementation Plan.
- 3.4 The Implementation Plan must provide the region with the framework for investment that is required to support the objectives set out in the South East Plan and RES. While it would be for the Assembly to agree the content of a refined Implementation Plan submitted to the Examination in Public, the summit would provide it with a provenance from the key partners that would enhance its arguments when considered by the Panel at the EiP.

Martin Tugwell
Planning Implementation Director
13 July 2006

Contact: Martin Tugwell, Planning Implementation Director
T: 01483 555211 E: martintugwell@southeast-ra.gov.uk