From: The Chairman of the South East England Regional Assembly
Cllr Keith R Mitchell CBE
County Hall, Oxford OX1 1ND
T: 01865 815283 F: 01865 815399
E: leader@oxfordshire.gov.uk

SOUTH EAST ENGLAND Regional Assembly

COUNCILS AND COMMUNITIES IN PARTNERSHIP

Rt Hon Alistair Darling MP
Chancellor of the Exchequer
HM Treasury
1 Horseguards Road
London
SW1A 2HQ

24 September 2007

Dear Chancellor

INVESTMENT FOR GROWTH IN SOUTH EAST ENGLAND

The Government last month published the report of an independent panel of planning inspectors on the proposed regional spatial strategy for the UK's largest and economically most dynamic region, South East England.

In the draft South East Plan, the Regional Assembly had prepared an ambitious 20-year framework for growth alongside the Regional Economic Strategy. In particular we set out proposals for some 578,000 new homes and identified investment in physical, social and environmental infrastructure of some £89 billion to support the continued growth in businesses and communities.

The panel of inspectors has now suggesting adjustments to our draft of the South East Plan to strengthen the economic dimension and ensure absolute alignment with the RES target of 3% GVA per capita per annum for our region. The target for new homes has been raised by 10% to 640,000.

We recognise that these continuing high levels of growth in the South East deliver real benefits, both to the region and the nation. However we are concerned that, without supporting investment in infrastructure, growth can create intolerable pressure on services and the environment and puts quality of life at risk. The result is that growth becomes unsustainable as gridlock and excessive demand drives business away.

We have therefore been working with Government and its agencies to improve the planning of infrastructure investment to support growth, finding innovative ways of making public money go further and for augmenting public resources from the private sector. Government investment still holds the key to unlock growth however, particularly investment in transport, affordable housing and public services.

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Of the £89 billion we calculated was needed to deliver the draft South East Plan, much is already programmed, for example through capital investment nationally, regional infrastructure funds and capitation formulae. However we calculate that there is a funding gap of some £4-8 billion over the twenty year Plan period. This is only between £200m and £400m a year. Compared to the estimated net tax-take by the Exchequer each year from the South East of £11 billion, these are modest figures. By increasing investment in the South East by as little as £200m to £400 m pa, the returns to the Government in terms of GVA growth and tax receipts promise to be substantial.

The clear implication of the more ambitious levels of growth for South East England recommended by the panel is a need for greater commitment from Government to increased investment in the region. As we approach the Comprehensive Spending Review 2007, I urge you to recognise the ambitions for higher growth in this region and the clear need to raise public investment to realise and sustain those ambitions.

As ever
Keith R Mitchell

Cllr Keith R Mitchell CBE
Chairman, South East England Regional Assembly

South East England Regional Assembly Berkeley House Cross Lanes Guildford GU1 1UN
T: 01483 555200 F: 01483 555250 E: secretariat@southeast-ra.gov.uk W: www.southeast-ra.gov.uk
Chairman: Councillor Keith R Mitchell CBE Chief Executive: Paul Bevan

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