

*From: The Chairman of the South East England Regional Assembly*

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Mrs Rolande Anderson  
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Date: 24 September 2007

## *Dear Rolande*

You will be aware that, at last week's Executive Committee, the Assembly agreed an initial response to some of the key issues raised by the Panel's Report, despite guidance from Howard Ewing that this would be inappropriate and would undermine the ongoing process. Our response is attached and is in two parts; a response to key recommendations and an update on work that has progressed since the end of the EiP. While I acknowledge that it is entirely up to you as to whether you read the first part of this, I hope you will take into account the update as it clearly has significance for the Government's Proposed Changes.

We will also endeavor to flag up any factual inaccuracies that we identify and will encourage others within the Assembly to do the same. One that has come to my attention is the Panel's approach to the Strategic Development Area described as "south of Oxford"; I believe the area they have indicated as a potential SDA is wholly within South Oxfordshire District and not, as implied by the report, partly in Oxford City. I hope you will take this on board in the Proposed Changes.

In terms of our process for handling the report following this initial response, Members of the Assembly are keen to have a full debate at our Plenary meeting on 14<sup>th</sup> November. This will be informed by a discussion next week at the Regional Planning Committee. While I do not anticipate much more of a response to you through this process because we will obviously be looking to publication of the Proposed Changes soon after this meeting, there may be a few additional points raised and updates on ongoing work.

Finally, the Executive has also asked that I write to the Chancellor to remind him of the need for investment in the South East, particularly in light of the latest growth recommendations in the Panel Report. A copy of this letter is attached for information.

## *As ever*

## *Keith*

**Cllr Keith R Mitchell CBE**  
Chairman

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## **PART I: THE REGIONAL ASSEMBLY'S INITIAL RESPONSE TO THE PANEL REPORT**

### **1. The Spatial Strategy**

- 1.1 The Panel's endorsement of the sub-regional framework is a clear testament to the close working relationship between the Assembly and Local Authorities in preparing the strategies. Assuming the Government accepts the retention of all sub-regions, we will now have to take forward our work with the Local Authorities to develop appropriate arrangements for implementation and monitoring in each sub-region. This will inevitably build on the existing arrangements and mechanisms and suggestions from the Panel for improving these but we will also have to be mindful of proposals emerging from the Sub-National Review (see agenda item 8) in relation to the role of sub-regions. An initial discussion paper on how we take forward the sub-regional strategies will be considered by the Regional Planning Committee in November.
- 1.2 In considering the response to the Panel's recommendations on the sub-regions, GOSE is asked not to restrict the arrangements for taking these forward by applying rigid proposals for each. This should be taken forward as part of the continuing development of the Implementation Plan (and the single regional delivery plan). This will allow flexibility to take on board the Panel's recommendations on mechanisms for delivery as well as any issues arising from the SNR (including LAAs and MAAs). While the Panel's recommendations may be welcomed, any detailed arrangements are best developed on a sub-region by sub-region basis, by the local authorities, in partnership with the Assembly, SEEDA and GOSE.

### **2. Housing**

- 2.1 Life has moved on since the draft Plan was submitted to Government in March 2006. Housing delivery is up, with levels of completions reaching the Panel's recommended provision last year and the Government is beginning to listen to our arguments about infrastructure, although we still have a long way to go. However, the Panel clearly recognises that building 28,900 new homes each year for the next 20 years in a sustainable way will be challenging and fully accepts that taking this up to 32,000 dpa will be even more difficult although, in their view, necessary. This is why they have recommended that most of the additional growth should be provided in the second half of the plan period (2016 - 2026).
- 2.2 This will clearly be the first challenge to the Government's view, outlined in the Housing Green Paper (see agenda item 7), that an increase from current levels of approximately 200,000 per annum to 240,000 per annum by 2016, is needed to address the 'housing crisis' in England. The mechanism for determining the allocation to each region is to be a 'mini-review' of the housing provision in all Regional Spatial Strategies. However, given that the Panel has concluded that the 32,000 dpa is sufficient to meet the economic needs of the region and that simply building more houses will not address the affordability problems, an immediate review would seem unnecessary and counter-productive to the Government's emphasis on housing delivery.
- 2.3 GOSE will now have to come to a view as to whether they accept the Panel's recommended housing provision or not. In coming to this view, it is important that they take the following into account:

- Deliverability - the Panel recognises that to go above 28,900 will require reliance on major greenfield sites, none of which will be easy to develop; all will require significant investment in supporting infrastructure; and all will have to be provided in the latter half of the plan period and possibly beyond 2026. This is on top of the significant increase in the level of investment in infrastructure that will be needed to meet the Plan's proposed level of provision.
- Maintenance of the Green Belt - the Panel endorses the need to maintain the general extent of the Green Belt and the key role this will play in the long term Spatial Strategy. The Panel clearly states that once the reviews have been concluded as part of the RSS process, Green Belt boundaries should endure until at least 2030. It is for the Secretary of State to resolve the conflict between the Prime Minister's clear commitment to protecting the Green Belt, given to the House of Commons and the Panel recommendations.
- Urban potential - although the Panel acknowledges that this will change over time, possibly upwards and is subject to testing and monitoring at the local level, it is also important to recognise that other policies within the plan may have an impact on the amount of housing provided through the re-use of brownfield sites e.g. a more balanced approach to size and type of housing which could result in lower densities being achieved with an increase in the number of family homes being provided rather than flats; and a greater emphasis on meeting economic potential could result in the need to safeguard more employment land and not release this for housing. A 'plan, monitor, manage' approach will be essential to the long-term sustainability of the South East's urban areas.
- Other options for increasing the housing numbers - options beyond the currently proposed urban extensions are very limited. The Panel has used up any potential urban extensions in their recommendations and has effectively ruled out any new settlement options in the South East.
- Affordability - we are expecting to see the advice from the newly established National Housing and Planning Advisory Unit later this month. The NHPAU has been set up to advise Government and others on (market) affordability and will base its advice on an affordability model. While PPS3 makes it clear that affordability is an issue that must be taken into account in determining overall housing levels, GOSE must also acknowledge the great wealth of evidence that shows that 'affordability' is a very complex issue and not one that can be resolved by increasing the number of houses built.

### 3. Housing Type and Size

- 3.1 The Panel's strong support for the Assembly's approach to affordable housing is welcomed. They support the target of 35% but recognise that this will be difficult to deliver without a significant increase in investment. If the Government accepts the Panel's recommendation on housing levels, they will also have to reflect this increase in any decisions on the funding allocations already submitted for the South East.
- 3.2 The Panel's clear recognition that getting the type and size of housing right is just as important as getting the numbers right is also welcomed. The evidence presented by the Assembly at the EiP raised some serious concerns about the long term sustainability of delivering the current level of small dwellings, particularly in the affordable housing sector.

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The Panel supports strengthening the policy framework to help local authorities address this. It is not only important that GOSE support this in the Proposed Changes but they must support local planning authorities that are currently having difficulties in influencing type and size both through the LDDs and individual applications.

#### **4. Infrastructure**

- 4.1 Although it is disappointing that the Panel has not supported the need to provide infrastructure before or alongside development, they do accept that infrastructure must be provided in a 'timely' way and is the key to delivering sustainable communities in the region. Their support for significantly increasing investment in infrastructure to address the funding gap is therefore welcomed and must be taken on board by GOSE in the Proposed Changes. Not only will the funding generally have to increase but the Panel has suggested significant increases in the level of housing in some of the most congested parts of the region. The investment needed to address the problems in these parts may therefore have to increase disproportionately.
- 4.2 The Panel's support for developing new mechanisms for delivery, such as the Regional Infrastructure Fund, is also welcomed and we will continue to work with the Government to develop this and other potential delivery mechanisms further.
- 4.3 The Panel's recognition of the importance of the Implementation Plan as an integral part of the regional planning framework is welcomed. A further iteration of the Implementation Plan will now be developed by the Assembly (alongside the single regional delivery plan) to take forward a number of key issues, particularly the sub-regional framework, as mentioned in paragraphs 1.1 to 1.2 above. This will be presented to the Assembly at its Plenary meeting in March 2008, when the formal response to the Government's Proposed Changes will be considered.

#### **5. Alignment**

- 5.1 The Panel's conclusions that, with the changes recommended by them and the creation of a single regional delivery plan, the Regional Economic Strategy (RES) will be in alignment with the South East Plan is a powerful argument against the proposals contained in the Sub-National Review. Although an issue GOSE will have to address in the Proposed Changes, it is also a message they should be relaying to Central Government as part of the SNR process.

#### **6. Scope and Timing of Subsequent Reviews**

- 6.1 A response to this is included in paragraph 2.2 above. It is also important to acknowledge that the Panel made it clear on the very last page of their report that, for a number of reasons but primarily to provide a period of policy stability, the next full review (including overall housing numbers) should be in about five years, contrary to the proposals in the Housing Green paper.

## **PART 2: UPDATE ON WORK PROGRESSED BY THE ASSEMBLY SINCE THE CLOSE OF THE EIP**

### **I. Implementation Plan**

- 1.1 As acknowledged by the EiP Panel, the South East Implementation Plan is a 'living document', particularly in terms of the evidence base. We have therefore continued to work with key stakeholders to update and improve the content of the implementation plan. The EiP highlighted a few areas that needed to be developed further, including Green Infrastructure, emergency services and behavioural change. In terms of emergency service provision, we are currently engaged with the emergency services to identify the cost of providing services, and key actions that could improve the operation of service. Green Infrastructure continues to be a priority and it is our intention to build on the work undertaken by the Environment Agency (SMEISE). Further work on behavioural change has been undertaken as a priority in all work streams and will be incorporated in the Implementation Plan.

### **I. Housing**

#### PPS3 (Housing)

- 2.1 This was published during the EiP. The Assembly, in partnership with GOSE and CLG, arranged two workshops in July to help local authorities address the issues raised by PPS3, particularly in the transition period between the old housing policy framework and the new. Work is now being progressed by the Assembly as a result of this, among other things, to develop regionally specific advice on Strategic Housing Land Availability Assessments.
- 2.2 The Assembly will shortly be commissioning work to review the study previously undertaken by DTZ to identify sub-regional housing markets in the region, taking into account learning from subsequent pilot Strategic Housing Market Assessments, to help develop a framework for SHMAs within the region.

#### Housing Type and Size

- 2.3 A number of actions are being taken forward from the report commissioned jointly by the Assembly and SEEDA on Housing Type and Size. A key issue is how to deliver larger homes at higher densities. The Assembly will shortly be updating the existing Councillor's Toolkit on housing density to provide advice on this.

#### Regional Housing Strategy

- 2.4 The Regional Housing Strategy has now been reviewed and, as agreed by the Panel, is in alignment with the South East Plan. However, this has been used to inform the Regional Housing Board's submission to the Government on funding allocations for 2008-2011 which will have to be amended to reflect any decision by the Government to increase the level of housing above 28,900 and any changes to the Plan's proposed housing distribution.

### **3. Thames Basin Heaths Special Protection Area**

- 3.1 Work continues to take forward the key recommendations made by Inspector's Report into delivering housing around Thames Basin Heaths Special Protection Area (SPA) which was produced by an independent Assessor as part of the EiP.

#### Interim Strategic Delivery Plan (ISDP)

- 3.2 The Assembly has commissioned a consultant to assist in the development of an ISDP which will provide a strategic framework for the delivery of housing and mitigation within the area affected by the SPA designation. The document will build on the work that has been undertaken to date and be developed in consultation with those parties who have a direct interest in the Thames Basin Heaths. Consultants have also been commissioned to undertake further work to look at the availability of alternative recreation land to act as mitigation.

#### Strategic Partnership

- 3.3 The assembly has agreed to support proposals for a Strategic Partnership between local authority elected members and key partners to coordinate policy for the management and protection of the SPA. At their last meeting, the Regional Planning Committee (RPC) considered and endorsed draft terms of reference for that group.
- 3.4 The first meeting of the Strategic Partnership will be held in the autumn, when the chairman and vice chairman will be elected and the final terms of reference agreed. The Strategic Partnership will have no powers to exercise any of the functions of a local planning authority nor could it fetter any decisions made by such bodies but will act as an advisory body to local authorities and stakeholders.

### **4. Climate Change and Natural Resources**

#### Climate Change

- 4.1 Work has been commissioned (as part of the ESPACE Interreg Project) to investigate how important barriers to the implementation of climate change policies can be overcome. Through this work we will update the Climate Change Implementation Plan and inform future reviews of the South East Plan. To be completed by March 2008.
- 4.2 The three regions Climate Change Partnerships have commissioned work on retrofitting existing buildings to adapt them to impacts of climate change. Results will be available in October.
- 4.3 The Assembly aims to commission work jointly with SEEDA and GOSE to support the house building sector through guidance, case studies and a compendium of low-carbon technologies to get prepared for the increasing standards set in the Code of Sustainable Homes. The work is due to be completed by March 08.
- 4.4 Work on the Ecological Footprint methodology has been completed. It will enable an improved assessment of the impacts of different policies.

## Water Resources and Quality

- 4.5 Work is underway on a shared water resource strategy for the South East to inform the development of the new Water Resource Plans and the establishment of an appropriate balance between resource development and demand management.
- 4.6 The Assembly will also work with the Water Resource Forum South East investigating effective demand management opportunities.
- 4.7 The work by the Environment Agency on constraints to growth in individual areas, likely implications of the Habitats and Water Framework Directive and potential solutions is ongoing. A report on the impact of alternative discharge on nutrient levels in the Solent for example is expected in Sept 2007. Several Water Cycle Studies are also under way

## Flood Risk

- 4.8 Only a few Strategic Flood Risk Assessment (SFRAs) have been completed. Once the results of several more become available next year, we aim to produce an overview of their results to analyse their implications on the growth distribution proposed in the South East Plan and on infrastructure costs.
- 4.9 Draft Guidance for PPS25 on Flood Risk will clarify the interpretation and delivery of the PPS. The Assembly has responded to the consultation draft and aims to update the Regional Flood Risk Appraisal to reflect the guidance in due course.
- 4.10 The Environment Agency is progressing the Thames Estuary 2100 initiative which will inform planning policy, in particular in the Kent Thames Gateway sub-region.

## Coast

- 4.11 Two second-generation Shoreline Management Plans have been completed; two have been published for consultation and the preparation of the remaining two started in November 2006.

## **5. Transport**

### Freight

- 5.1 Paragraph 1.33 of section D4 in the draft South East Plan highlights that the Assembly was engaged in developing freight policies immediately prior to the start of the EiP. The development of freight policies was severely disrupted during the EiP and, as such, the additional work was presented as a technical note to inform the EiP. The technical work has highlighted the issues that require further attention, namely:
- Identifying key freight routes and potential bottlenecks on routes to and from the region's key gateways.
  - Identifying suitable locations for potential development as inter-modal terminals.
  - Investigate lorry parking provision in the region.

- 5.2 We consider the first two issues to be the most pressing concern, in terms of addressing a distinct policy deficit. As such we have concentrated our efforts on these areas and will present an outline of a technical paper to RPC in November with a view to using this to inform our response to the Proposed Changes to the Plan. The final issue, while still a priority, is likely to be a longer-term objective.

### Air Transport White Paper

- 5.3 The Government published a White Paper on “The Future of Air Transport” (ATWP) in December 2003. The ATWP contained a commitment to review progress against the plans outlined therein which the Government fulfilled through the publication of “The Future of Air Transport Progress Report” in December 2006.
- 5.4 The Assembly appointed Steer Davies Gleave (SDG) to review the Government’s approach to future airport development in the light of the contents of the Progress Report and the Assembly’s existing position. The Assembly reviewed aviation policy in July 2007 at the Annual Meeting, resolving to maintain the current policy position.

### Smarter Choices

- 5.5 Behavioural change is identified as one of the four key delivery mechanisms of the South East Plan. In support of this central plank of the Plan, Addison & Associates were commissioned by the Assembly to prepare a long term programme for delivering the changes in travel behaviour that are critical to deliver the South-East Plan. The Regional Transport Board will be receiving a detailed update on this work in October. This will set out the way in which we intend to develop the work over the short and medium term.

## **6. Audit of Employment Land Reviews in the South East**

- 6.1 DTZ undertook a comprehensive assessment of the number and quality of Employment Land Reviews (ELRs) and Studies undertaken in the region. The audit contributes towards: the Assembly’s role in co-ordinating ELRs; the development of an evidence base in employment land in the region; to an understanding of the barriers to development.

## **7. Waste**

- 7.1 An Inter Regional Waste Technical Forum, comprising representatives from GLA, South East England Regional Assembly, East of England Regional Assembly, DEFRA and waste planning authorities in East and South East England, has been established. This has met twice to agree its terms of reference and review the data on arisings, management and movements of waste between the three regions. The work of the Forum will help inform the South East Plan policy on apportionment of London’s waste following the recommendations of the EiP Panel.

## **8. Models for Sub-Regional Planning**

- 8.1 The ERN Planning Directors Group (chaired by the South East), in partnership with CLG and the Planning Officers Society, has commissioned a study to explore different models for sub-regional planning and to provide guidance on the most appropriate mechanisms and structures to support constructive sub-regional working. It will also consider the implications of the Sub National Review and Planning White Paper for sub-regional working. The final report is expected in November 2007.

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Rt Hon Alistair Darling MP  
Chancellor of the Exchequer  
HM Treasury  
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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

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