

Matter 10A/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 Mitchell • Chief Executive: Paul Bevan

SEERA Ltd, Registered in England and Wales (No. 4070332).
Registered office: Berkeley House, Cross Lanes, Guildford, GU1 1UN

Matter 10A: Implementation

10A.1 Do the proposed implementation mechanisms and delivery agencies in the draft RSS, as supplemented by the Implementation Plan¹, establish a clear means for translating RSS policies into action?

1. Government policy as set out in PPS11 (Regional Planning) makes it a requirement that the draft Regional Spatial Strategy identify appropriate implementation mechanisms. It requires that an implementation plan is submitted to the Secretary of State alongside a draft RSS revision. It should form the basis for informing both lower order strategies, plans and programmes and national delivery agencies in order to provide greater certainty that the infrastructure required to support the delivery of the planned levels of development, will be provided at the appropriate time.
2. The draft Implementation Plan was prepared and submitted as an integral part of the draft South East Plan in March 2006. At that time the Assembly advised the Panel that further work was required and that a revised version would be submitted during the autumn. The revised version was the result of further work undertaken by the Assembly in partnership with local authorities and other delivery agencies in the region. The Revised Implementation Plan and an accompanying Sustainability Appraisal was sent to the Panel on Monday 9 October 2006, and published in final form on the Assembly's website². The Assembly also provided a note to the Panel setting out the additional work undertaken on the Implementation Plan since the submission of the South East Plan in March 2006. The note forms an annex to this statement.
3. The South East Plan revised Implementation Plan provides the basis for the region entering into the long-term partnership with the Government necessary in order to ensure delivery of a more sustainable pattern of development. It provides a comprehensive framework for identifying and aligning the activities of a wide range of delivery agencies and mechanisms that will be responsible for the successful implementation of the plans objectives, however, the delivery of the Plan will be dependent upon these organisations taking account of the Plan's policies and identified investment requirements when developing their own investment programmes and policies.
4. For the first time the Implementation Plan specifically identifies the roles, responsibilities and actions required by specified organisations and other key stakeholders to deliver the objectives and policies in the South East Plan. These will be a mixture of investments, policy decisions and behavioural change. Building upon the recommendations of the Eddington Study and the Barker and Leitch reviews, the Lyons Inquiry has highlighted the importance of recognising that economic activity does not respect administrative boundaries.

¹ Updated by SEERA prior to EiP and available online at <http://www.southeast-ra.gov.uk/southeastplan/key/infrastructure.html>

² A final version with minor amendments (and a schedule of changes) was resubmitted to the Panel following the Assembly's Executive Committee Meeting on 20 October 2006.

It has also highlighted the importance of bringing together different policy issues in a comprehensive way in order to ensure efficient use of public resources. The Implementation Plan provides an effective and practical mechanism for ensuring that the region addresses these issues. In particular having identified the need for a number of discrete sub-regions in response to identifiable policy deficits the Implementation Plan provides the mechanism for ensuring a continuation of cross boundary working within the sub-regions both in terms implementation and monitoring.

5. The level of detail in the Plan is greater for the period 2006-2016 than for the second half of the plan period, as the infrastructure needs for the second half of the Plan period will be partly dependent upon the extent to which the Plan's objectives have been delivered during the first ten years - particularly in relation to reducing resource consumption and securing behavioural change. Nevertheless the Assembly sees the investment needs identified in the Plan as robust and therefore not requiring a fundamental review before a full review of the Plan. However, it is acknowledged that the delivery mechanisms required to implement the Plan will be subject to change, largely for reasons beyond the Assembly's control, as Government policy evolves.
6. In some cases the certainty of implementation will be increased and delivery expedited through the development of joint local development documents, for example where large scale development and/or associated infrastructure provision straddles local authority boundaries. Examples of where this approach may provide increased certainty include the provision of mitigation land to enable housing delivery in proximity to the Thames Basin Heaths Special Protection Area and the expansion of Milton Keynes Urban area. The widespread adoption of the business plan approach underpinning the Implementation Plan (which in itself builds upon the region's experience in locations such as Milton Keynes) at the sub-regional and local level, through the development of Local Infrastructure Plans, provides a firm basis for ensuring a realistic approach to delivery.

10A.2 Will the draft RSS help to promote a climate that is conducive to high investment confidence (for both public and private sector investors)?

1. The Implementation Plan clearly sets out four pre-conditions for effective implementation. Should any of these pre-conditions not be met, then there is a risk that the Plan will fail to meet its objectives.
2. Taking the pre-conditions as given, one of the biggest issues in relation to implementation remains the need to ensure the timely provision of infrastructure to support planned growth. This requires new innovative delivery mechanisms to be developed that will enable forward funding of investment. These will need to combine more effective methods for capturing increases in land value, an agreed understanding between private and public sectors of infrastructure needs and requirements and a means of forward funding. Conventional s106 arrangements are ill-suited to paying for upfront infrastructure investment (e.g. that required to unlock development sites) as contributions are paid as development proceeds on site.

Earlier payments have a significant financial impact upon developers and can adversely affect the viability of a scheme.

3. Milton Keynes and Ashford have both invested considerable effort in developing mechanisms to enhance local infrastructure planning based on fully costed local infrastructure plans, strategic tariff approaches to securing developer contributions and forward funding mechanisms. This approach enables the infrastructure required to support large scale development to be put in place in advance of the receipt of developer contributions, which are reclaimed as the development is built out. The Assembly sees merit in rolling out similar approaches across the region, based on comprehensive local infrastructure planning as part of the LDF process - in accordance with Circular 05/2005³.
4. The introduction of a regional forward funding mechanism (Regional Infrastructure Fund), combined with a more strategic approach to capturing land value uplift, and a robust prioritisation process, would provide additional certainty about the timely provision of critical sub-regional and regional infrastructure schemes. Without such a forward funding mechanism it is possible that the delayed provision of key infrastructure may delay or prevent proposed levels of development. The South East and South West Assemblies and Regional Development Agencies (RDAs) jointly submitted a Regional Infrastructure Fund (RIF) to DCLG, HM Treasury and DfT in December 2006⁴. This is attached at Annex B. As set out in the Prospectus, the RIF would complement local and sub-regional delivery mechanisms through the provision of a single forward funding mechanism through which the proposed strategic element of PGS could be targeted at regional and sub-regional priorities. The RIF would therefore provide regional stakeholders access to, and control over, infrastructure funding which would otherwise return to the Exchequer. A region wide approach to the establishment of a forward funding mechanism would provide considerable economies of scale and avoid the need for individual authorities or sub regional partnerships to negotiate individual borrowing arrangements with HM Treasury. Where new innovative delivery mechanisms are brought forward it is essential that these are additional to the current level of resources available to support delivery of infrastructure.

10A.3 Is there a role for the Regional Assembly to coordinate strategic reviews of land holdings (Policy CC6)?

1. Policy CC6 aims to ensure that the best use is made of public land, especially for delivery of development and supporting infrastructure, and that strategic appraisals are undertaken to inform future planning and delivery. No organisation currently has an overview of public sector land holdings in the South East or the disposal strategies of the relevant landowners.

³ ODPM Circular 05/2005 'Planning Obligations'.

⁴ Regional Infrastructure Funds: A Prospectus (South East England Regional Assembly, SEEDA, South West Regional Assembly, SWRDA, 2006) available online at <http://www.southeast-ra.gov.uk/southeastplan/key/RIF.html>

The Assembly's work with the Ministry of Defence⁵ illustrates the type of approach that could be rolled out to other landowners (e.g. National Health Service, Crown Estates, English Partnerships).

10A.4 To what extent are the Investment Schedules in the Implementation Plan⁶ affordable and realistic?

1. Cost estimates included within the Plan are based, where possible, on assumptions employed by the relevant delivery bodies. For all transport schemes costs are taken from the relevant agency or transport authority. All costs provided for regional and sub-regional transport schemes (2006-2016) are taken from the evidence submitted to the Regional Transport Board for the purposes of developing its advice to Government on regional priorities.
2. The Assembly has worked closely with principal authorities to develop the Sub-Regional Investment Frameworks (SRIFs), which identify the sub-regionally significant infrastructure investments required to deliver the spatial strategy. In the briefs issued to the sub-regional groupings in August 2004, January 2005 (and subsequently amended April 2005) they were specifically requested to identify the infrastructure requirements, priorities, and delivery mechanisms needed to support the sub regional spatial strategy and associated district housing distribution.
3. Subsequent to the submission of the draft South East Plan to the Secretary of State in March 2006, the Assembly has continued to work with the principal authorities and key delivery agencies to further develop and refine the SRIFs. As a result of this further work, it was decided to remove some of the local infrastructure needs from the SRIFs and identify them separately within the Annex 4 of the Revised Implementation Plan. It is acknowledged that these will require further refinement through the local development framework process; however, considerable effort has been expended to ensure they are based upon robust assumptions. The SQW Report 'Technical Report on Infrastructure Requirements in the South East'⁷ sets out in detail the methodology employed to determine sub regional and local infrastructure requirements and costs included in the Revised Implementation Plan. This work incorporates and updates the earlier cost estimates provided by Roger Tym and Partners for the South East Counties.⁸
4. Tym's work estimated an infrastructure funding gap of at least £8bn, or £400m per annum. A relatively small figure compared to the region's annual net contribution to the Exchequer, which equated to £11bn in 2004/5 and £18bn in 2003/4. However this figures is based on a set of assumptions which if not fulfilled would inevitably mean an increase in the funding deficit.

⁵ Joint Defence Estates and SEERA studies on the Development Potential of the Ministry of Defence Estate in the South East Region (GVA Grimley, 2006)

⁶ Updated by SEERA prior to EiP and available online at <http://www.southeast-ra.gov.uk/southeastplan/key/infrastructure.html>

⁷ South East England Regional Assembly Technical Report on Infrastructure Requirements in the South East (SQW, 2006) available online at http://www.southeast-ra.gov.uk/southeastplan/key/infrastructure/sqw_infrastructure_report-oct06.pdf

⁸ South East County Leaders 'The cost and funding of growth in South East England' (Roger Tym and Partners, 2004).

5. Apart from transport and affordable housing, the most significant funding gaps are overwhelmingly concentrated in local authorities, which capacity to fund capital expenditure is extremely limited. With planning contributions increasingly seen as a critical source of funding effective local collection and use of this funding will be crucial. Key risks identified by the Tym report include:
- The ability of utilities providers to commit to forward funding of critical infrastructure;
 - The increasing fragmentation of health funding and provision;
 - Macro-economic pressures and their implications for funding the big ticket items (i.e. transport and affordable housing);
 - The need for mainstream funding to reflect the needs of the ageing population over the Plan period.
6. Another key issue will be the extent to which funding is split between capital and revenue expenditure. The Assembly's Regional Transport Strategy (RTS) is based on a 'manage and invest' approach which emphasis the need to make the most of existing assets and promoting behavioural change through mobility management. Unfortunately current funding regimes do not enable this. As the Panel Report of the Public Examination of the RTS (July 2004) stated 'Whereas the LTP system enables LTAs to make a case for additional capital funds we agree with the RA that there is no effective mechanism through which additional revenue investment for transport can be secured. We therefore feel bound to recommend that Government should address the implications of inadequate revenue funding for transport as a matter of urgency because of its significance for delivery of national and regional transport policies.'
7. Since the submission of the revised Implementation Plan, the Assembly has continued to work with the Environment Agency to develop estimates for the environmental infrastructure costs and associated funding mechanisms required to support the delivery of the Plan. The final report entitled 'A Strategy for Provision of Environmental Infrastructure to Meet the Needs of the South East Plan' was submitted to the Panel by the Agency in January 2007. The study provides initial estimates of the total (and sub-regional) cost of delivering key environmental infrastructure required to support the levels of growth set out in the Plan. This is a significant piece of evidence which has not previously been available.
8. The study estimates the total cost of Environmental Infrastructure over the next 20 years to be £42bn. Of this approximately only £11bn is required to meet the needs of the additional growth proposed in the South East Plan (i.e. the total housing proposed over the period of the Plan). The majority (£31bn) will be required to provide for existing level of population in the region. All these costs will be additional to the £37-£47bn cited in Delivering the South East Plan⁹. The total Environmental Infrastructure costs set out in the report are broken down as follows:

⁹ Delivering the South East Plan does not include any estimates of costs associated with Water Resources, Water Quality, or Biodiversity. The estimates included in relation to Flood Risk

- Water Resources and Supply £12bn
- Water Quality £16bn
- Flood Risk Management £6bn
- Waste £6bn
- Biodiversity £2.5bn

8. The report distinguishes between those elements of environmental infrastructure for which current funding levels appear to be adequate to meet estimated costs (Water Resources and Supply, Water Treatment and Waste) and those for which additional funding will be required (Flood Risk Management and Biodiversity). It is interesting to note that it is those which are most heavily dependent upon public funding which are considered most at risk. The key challenge in relation to the privatised utilities will be to ensure that funding is delivered when it is needed to enable infrastructure to be in place prior to or alongside growth as required.

Management and Waste Management are now superseded by the Environment Agency's evidence. It should be noted that the Agency's estimates for waste only include costs for the development of thermal treatment, composting, recycling facilities and landfill. This encompasses municipal solid waste, commercial and industrial waste and construction and demolition waste.

Additional Work on Implementation Plan (March - October 2006)

1. The draft Implementation Plan was submitted as an integral part of the draft South East Plan in March 2006. At that time the Assembly advised the Panel that further work was required and that a revised version would be submitted during the autumn. The Revised Implementation Plan was sent to the Panel on Monday 9 October 2006.
2. Specific work streams undertaken since the submission of the draft Implementation Plan in March 2006 include:
 - An independent audit of the sub-regional investment frameworks. This has resulted in the significant enhancement of the identification and classification of infrastructure requirements and the refinement of infrastructure cost estimates;
 - A stakeholder workshop exploring the actions required to bring about the behavioural change required to mitigate the adverse impacts identified in the Sustainability Appraisal of the Core Policies (and the identification of specific action to promote behavioural change within the Policy Implementation Framework);
 - An independent SA of the draft Implementation Plan;
 - A review of infrastructure investment frameworks followed by a sub-regional stakeholder workshop to identify key implementation issues surrounding the delivery of major development sites in South Hampshire;
 - The development of proposals for a Regional Infrastructure Fund, working with SEEDA and regional bodies in the South West of England;
 - Working with the Environment Agency to cost environmental infrastructure needed to deliver the South East Plan;
 - Commissioning an Appropriate Assessment of the South East Plan, including the Implementation Plan;
 - Review of Access Management on Thames Basin Heaths to evaluate robustness of existing measures for delivering English Nature's Delivery Plan for the SPA.
3. The Revised Implementation Plan was endorsed (with minor amendments) by the Assembly's Regional Planning Committee on 27 September as forming the basis of the Assembly's evidence to the Panel in relation to implementation and infrastructure delivery matters. The Implementation Plan was publicly launched on 29 September at an Infrastructure Summit in Reading to an audience of 150 regional stakeholders, comprising local authorities, delivery agencies and utility companies.
4. The IP was also subsequently endorsed by the Assembly's Executive Committee on 20 October. The Panel has been informed of the small number of further amendments arising from this meeting. The Revised Implementation Plan and the Sustainability Appraisal of the Revised Implementation Plan are both available on the Assembly's South East Plan website¹⁰.

¹⁰ http://www.southeast-ra.gov.uk/southeastplan/key/implementation_plan.html