

Rt Hon Alistair Darling MP
Department for Trade and Industry

9 June 2006

Dear Secretary of State

Draft Regional Spatial Strategy for the South West

The South West Regional Assembly has recently published the draft Regional Spatial Strategy (RSS) which has been submitted to the Department for Communities and Local Government and is now open for public consultation. The Assembly is a partnership of Councillors from all local authorities in the region and representatives of various sectors with a role in the region's economic, social and environmental well-being. The Assembly is the Regional Planning Body, and as such has worked with a wide range of partners and stakeholders including all local authorities in the region over the last 2 years to prepare the Draft RSS.

You will know that the South West Region's population and economy have been growing at a significant rate throughout the 1990s and into this century. Our forecasts, embedded in both the Draft RSS and the Regional Economic Strategy (RES), suggest this will continue into the foreseeable future. Our attitude to growth is clear in the region's Sustainable Communities Plan submission, the Way Ahead, and in the number of places applying for Growth Centre status. The region through its Integrated Regional Strategy 'Just Connect', and particularly through the Draft RSS and RES, recognises the real benefits which can arise from both economic and population growth, if they are managed properly.

The Regional Spatial Strategy will play a crucial role in the South West's economic, social and environmental wellbeing over the next twenty years and well into the future. There are a number of areas where the RSS, if delivered successfully, will contribute to the delivery of the DTI's objectives. We have set these out in the appended document, which shows how we believe the RSS can help deliver the DTI's objectives, as defined in Public Service Agreements, and where we think national policy could change to help deliver the RSS.

We hope that you and your colleagues recognise the great progress which has been made in the South West in the last two years in developing challenging strategies which are well integrated and are positive about the future and about growth, and in

addressing regional priorities through the Way Ahead and the Regional Funding Allocation (RFA) process. We have set out a number of items where the region needs help from Government if we are to deliver sustainable communities and meet Government's targets for emissions. Crucially important is having sufficient resources for infrastructure investment and the freedoms and flexibilities necessary to pursue innovative ways of encouraging private investment in key projects in the region. In this regard we would hope Ministers would feel able to support proposals which are developing to establish a Regional Infrastructure Fund. We would welcome an opportunity to discuss with you and your colleagues any of the areas outlined below. We would be particularly delighted if that were able to happen in the Region. For your information we have included an Executive Summary of the draft RSS.

Yours sincerely

Jackie Longworth
Chair, SWRA

Jill Shortland
Deputy Chair, SWRA

Chanel Stevens
Vice Chair, SWRA

Sir Simon Day
Vice Chair, SWRA

Pat Ferguson
Vice Chair, SWRA

Department of Trade and Industry Public Service Agreements and the Draft Regional Spatial Strategy for the South West of England

Objective I: Raising the rate of sustainable productivity growth.

1. Demonstrate further progress by 2008 on the Government's long-term objective of raising the rate of UK productivity growth over the economic cycle, improving competitiveness and narrowing the gap with our major industrial competitors.

Joint with HM Treasury.

The Draft RSS through its development policies seeks to ensure that opportunities for realising the economic potential of the region are not missed, in the face of competitive pressures from elsewhere in the UK and overseas. The Draft RSS, in aligning with the Regional Economic Strategy (RES), determines the whereabouts of new development, regeneration and infrastructure as a means to encourage economic development and targets regeneration to address these disparities.

The region has demonstrated its willingness to embrace the growth agenda but has limited resources available 'to make things happen' and to deal with accumulated 'infrastructure deficits'. The region is looking carefully at a Regional Infrastructure Fund to enable forward funding of development and has identified the need for 'capacity building' in its RFA transport bid. In both cases, the Assembly seeks a positive response from government, the necessary resources, and the freedom and flexibility to enable RFA funds to be used for capacity building.

Objective II: Promoting world class science and innovation.

2. Improve the relative international performance of the UK research base and increase the overall innovation performance of the UK economy, making continued progress to 2008, including through effective knowledge transfer amongst universities, research institutions and business.

Institutions such as the South West's seven universities, hospitals and higher and further education institutions are helping to develop the knowledge driven economy. The establishment and expansion of these institutions elsewhere in the region could provide a stimulus for economic activity. The draft RSS identifies the importance of these links and encourages Local Development Documents to make adequate provision enabling 'spin offs' and businesses related to these bodies to develop through the identification of sites for 'science parks', technology centres and incubator units. In some areas this means safeguarding strategic sites suitable for further investment in specialised, science and technologically based industries.

Objective III: Ensuring fair, competitive markets and empowering consumers.

3. Promote fair competitive markets by ensuring that the UK framework for competition and for consumer empowerment and support is at the level of the best by 2008, measuring the effectiveness of the regime through international comparisons, supported by a broader evidence base.

4. Lead work to deliver the goals of energy policy:

- *to reduce greenhouse gas emissions to 12.5% below 1990 levels in line with our Kyoto commitment and move towards a 20% reduction in carbon dioxide emissions*

below 1990 levels by 2010, through measures including energy efficiency and renewables. Joint with the Department for Environment, Food and Rural Affairs and the Department for Transport;

- *maintain the reliability of energy supplies;*
- *eliminate fuel poverty in vulnerable households in England by 2010 in line with the Government's Fuel Poverty Strategy objective. Joint with the Department for Environment, Food and Rural Affairs; and*
- *ensure the UK remains in the top three most competitive energy markets in the EU and G7.*

5. Ensure that the EU secures significant reductions in EU and world trade barriers by 2008, leading to improved opportunities for developing countries and a more competitive Europe. Joint with the Department for International Development.

The achievement of a fairer, more competitive and more sustainable region is highly conditional upon changes in individual behaviour and upon government policy. The Draft RSS can make only limited progress based on its effect on the scale and distribution of growth. Re-configuring the region so that a higher proportion of people live at the 21 identified Strategically Significant Cities and Towns in 2026 will have a major effect in sustainability terms especially if all local public services are of a consistently high quality. This could be overshadowed, however, by increased carbon dioxide emissions from car, and particularly, air travel. Reducing the need to travel by car is at the core of the RSS and as already indicated, encouraging people out of their cars will need the 'carrot' of increased public transport attractiveness and availability (bus and rail) as well as the 'stick' of demand management and possible national traffic reduction targets. When assessing this Draft RSS, Government will need to consider carefully whether its strategy of providing for increased air travel is sustainable in the long term and whether the resourcing of public transport in the South West is adequate.

Another main plank of sustainability in the Draft RSS concerns our policies to require sustainable construction and high standards of insulation and on - site energy generation to become the norm. Making this aspect of the Draft RSS work in the South West will require a level playing field nationally. We believe Government should set a much higher national mandatory standard than 2006 part L for energy performance in new housing. This needs to be extended to all other building types and major renovation should be required to achieve the highest practicable energy standards and at least 50% improvement in energy efficiency. Requiring all new buildings to be carbon neutral (equivalent to level 5 of the draft Code for Sustainable Homes) is practicable and should be made standard. We appreciate that these proposals could have an effect on capital costs of new dwellings but taking a lifetime view, they should result in much lower running costs in the context of escalating energy prices, so helping to alleviate fuel poverty.

The draft RSS also includes renewable energy policies which set challenging targets for local authorities in terms of electricity generation, renewable heat and offshore technologies.

Objective IV: Enabling successful enterprise and business.

6. Build an enterprise society in which small firms of all kinds thrive and achieve their potential, with:

- an increase in the number of people considering going into business;*

The Draft RSS, in aligning with the RES, recognises the contribution of development to providing much needed well-paid employment opportunities in places right across the South West. Providing development that will support the further expansion of knowledge based employment in the region's urban centres will be particularly important. The draft RSS sets out positive proposals to support successful enterprise and business.

We are facing stiff challenges in terms of the effect of climate change on the region – rising sea levels could leave some key transport infrastructure highly vulnerable, which is important for enabling successful enterprise and business, particularly in the far south west. There are of course severe limitations on what can be achieved within the powers of the planning system and the resources available to a region. On the latter point, we hope Ministers will recognise that while the region has been contemplating the long term future through the RSS and RES it has also been addressing shorter term priorities to secure immediate growth through the Way Ahead and the recent Regional Funding Allocation process. In all of this work there are clear messages about the need for adequate resources to build the infrastructure and services which will underpin our future, as well as addressing the unwanted legacy of 'infrastructure deficits.'

The Assembly remains gravely concerned that the resources required to deliver the very substantial investments in social, health, educational and transport infrastructure will not be in place to facilitate the high levels of development envisaged in the Draft RSS. 'Making the cities and large towns work' is a recurring theme in the Draft RSS and in the Regional Funding Allocation submission. Crucial to this, as well as investment in the programme proposed, is sufficient revenue resources available to enable necessary transport modelling and other master planning work to be carried out and to support growth in public transport services.

**South West Regional Assembly
June 2006**