

REGIONAL FUNDING ALLOCATIONS: ADVICE FROM THE SOUTH WEST REGION

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SOUTH WEST
Regional Assembly



South West of England
Regional Development Agency

REGIONAL FUNDING ALLOCATIONS: ADVICE FROM THE SOUTH WEST REGION

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REGIONAL FUNDING ALLOCATIONS: SOUTH WEST ADVICE

A. Strategic challenges, headline aims and RFA priorities – joining up our approach

The South West region faces a range of challenges over the next 10 years where integrated action across strategies is critical to the successful achievement of our aims for the region. Much work has been done in the South West region to build consensus around the region's key challenges and the 2004 Integrated Regional Strategy identifies the five headline aims where better coordinated action across our regional strategies will deliver improved outcomes for the region¹:

These **headline aims** are:

- To harness the benefits of population **growth** and manage the implications of population change
- To enhance our economic **prosperity** and quality of employment opportunity
- To address **deprivation** and disadvantage to reduce significant **intra-regional inequalities**
- To enhance our **distinctive environments** and the quality and **diversity of our cultural life**
- To make sure that people are treated fairly and can **participate** fully in society

The priorities for the Regional Funding Allocation investment for each of the funding blocks set out below are consistent with wider national policy objectives and build on current and emerging regional strategies including the recently published Integrated Regional Strategy and Housing Strategy, and the revised Regional Economic Strategy and emerging Regional Spatial Strategy and the region's response to the Sustainable Communities Plan, The Way Ahead². The priorities are also guided by the principles of the Regional Sustainable Development Framework. Together they contribute to the headline aims set out above.

Housing

The key priorities for the RFA housing investment are:

- Achieving a **step change in housing supply**, by increasing quality and improving delivery, particularly in those areas designated by the RSS as strategically significant cities and towns
- Increasing the quantity and improving the delivery of high quality **affordable housing**
- improving the **quality of private sector homes occupied by vulnerable households**
- Delivering improvements in **social housing conditions** by bringing all homes up to the **Decent Homes** Standard by 2010

Economic Development

The priorities for the Economic Development RFA investment are:

- Raising levels of **productivity** across the South West and creating the conditions for successful and competitive business, principally by enhancing business productivity, raising activity rates, improving skill levels and encouraging growth in higher wage, higher skill businesses
- Increasing **economic inclusion** by tackling economic inactivity, investing in neighbourhood regeneration and skill development to create strong and inclusive communities, and
- Improving **regional communications and partnership** working to create an effective and confident region

¹ Just Connect SW RA 2004. This is an overarching Integrated Regional Strategy for the South West produced by the Regional Assembly in close consultation with a wide range of stakeholders.

² The Way Ahead (2005) is the region's contribution to the delivery of ODPM's Sustainable Communities Plan (2004)

Transport

The priorities for investment of the Transport RFA funding are:

- Promoting more **sustainable patterns of transport**
- **supporting development and economic activity in the strategically significant towns and cities** through improved public transport, demand management, and selectively providing for new roads
- **improving the reliability and resilience of inter and intra-regional connectivity** through a second strategic road route into the region from London (along the A303/A358), on regionally significant transport corridors and on other transport corridors
- tackling **access to jobs and delivery of services in rural areas**
- delivering against **DFT/ Regional "shared priorities"**.

There are clear inter-dependencies between the priorities identified under each of the funding blocks and this advice seeks to demonstrate the benefits of integrated action in the funding of housing, transport and economic development to drive economic success and reduce disparities in the South West. This RFA advice also focuses on ways in which integrated investment of regional funding allocations will work alongside the market to deliver the Integrated Regional Strategy. None of these priorities can be achieved through public sector funding alone. The private sector will be critical to achieving employment growth and significant increases in housing supply.

Work on this advice has identified significant barriers to delivery around institutions, developer funding and capacity. We are proposing three innovative approaches to tackle these barriers:

- (i) new **Local Delivery Teams** for strategically significant places within the region to drive forward coordinated activity.
- (ii) a new **Regional Infrastructure Fund** to unlock barriers to delivering housing in sustainable communities; and to bring forward funding for infrastructure
- (iii) a new **Capacity Fund** to support the development of robust, viable strategic transport proposals, other forms of infrastructure, and the coordination of complex developments in key places

We propose to make a contribution from RFA budgets to establish the Regional Infrastructure Fund (RIF) and the Capacity Fund. We would welcome further discussion with Government about how these proposals could be developed, in the light of the consultation paper on Planning Gain Supplement, and in the context of the 2007 Comprehensive Spending Review cross-cutting review on growth issues (as announced in the Government's response to the Barker report). It is essential that regions experiencing significant growth pressures are fully engaged in this review.

Future RFA advice

The funding streams covered by the RFA are essential but, on their own, insufficient to meet the challenges we face. Significant areas of public sector intervention in the South West, critical to the success of our integrated strategy, are currently reserved to national decision-making and prioritisation. These include commuter and long-distance rail services, learning and skills and measures to tackle worklessness. We also recognise the importance of aligning European programmes and other investment, for example by English Partnerships, with RFA resources.

The SW invites Government to consider, in the context of CSR07, the scope for greater devolution and/or regional influence and advice in these areas given their importance in meeting our strategic aims and the diversity of needs in the South West. Greater flexibility of delivery within a national policy framework, would reinforce our ability to tailor interventions to meet local and sub-regional differences within the region.

B. Integrated action across housing, economic development and transport

The South West is a reasonably productive and wealthy region, with a dynamic population, and relatively few, though persistent, pockets of social disadvantage. The quality of the environment is well

documented and acts as both an economic driver for the region and also, in certain places, a limiting factor on development. All indications are that growth will continue over the next 10 years, with recent projections suggesting the region's economy will continue to experience the current strong economic growth rate of up to 3.2%pa growth in GVA and an increase in jobs of 219,000 (equivalent to 170,000 FTE) between 2006 and 2016. The population will also continue to grow significantly over the next 10 years, by a further 420,000, and to accommodate this growth the housing stock will need to increase by around a further 260,000 units.

The region recognises that integrated action on economic development, housing and transport will need to respond to varying issues and opportunities to stimulate, manage and realise the potential found in different parts of the region, and these differentiated approaches are spelt out in more detail in the Regional Spatial Strategy, the Regional Housing Strategy and the Regional Economic Strategy.

The **north and central** part of the region is generally prosperous, with strong economic potential in urban centres along the main corridors of communication running through the region. There are also pockets of urban and rural deprivation and problems of housing affordability requiring concerted action. Urban centres within the north and east of the region are the South West's economic powerhouse, and where almost half the region's population live. These are the West of England (Bristol, Bath and Weston-super-Mare), Swindon, and Gloucester/Cheltenham, Bristol, and Swindon are also candidates to become New Growth Points. This is the most prosperous, economically diverse and accessible part of the region, and recent projections suggest that this economic prosperity will continue. Exeter and Taunton, in the central part of the region, also have economic potential that can be realised over the next 10 years, supported by substantial housing and economic development.

The main challenge in this part of the region is to realise the potential by providing sufficient housing and infrastructure investment at the right locations to ensure that urban areas can function in a more sustainable way. The scale of growth means that integrated planning and delivery for economic development, housing and transport and other infrastructure, is essential. Dealing with traffic congestion in these urban areas, through investment in public transport and demand management is crucial, as is investment to maintain the reliability and resilience of strategic transport connections, particularly with London. The conflict that needs to be addressed, particularly in the north and east of the region, is between the use of the motorway for short trips and the strategic role of the trunk road network, to ensure connectivity along the main strategic M4/M5 corridor is retained and businesses across the region are able to access domestic and foreign markets.

In contrast, further **west** of Exeter, the area is characterised by relatively low productivity, remoteness and deprivation, which reflects the fact that parts of Devon, Plymouth, Torbay and Cornwall have experienced major restructuring of key industries, and their economies are dominated by low productivity and wages. At the same time, pressures on local housing markets and demographic changes arising from retirees and second home owners have further exacerbated the problems experienced in this part of the region. However, there are also pockets of relative prosperity and potential. Plymouth plays a key role in the far south west and has significant economic potential. This can be realised over the next 10 years, if supported by substantial housing development and investment in transport infrastructure to enable the planned new housing development and employment opportunities to be realised in a sustainable way. The western part of the peninsula is dominated by a dispersed settlement pattern, with many smaller towns playing an important role. The cumulative impact of key towns such as Truro, Camborne/Pool/Redruth, Barnstaple and Newton Abbot can be maximised by facilitating economic diversification, ensuring there is an adequate supply of affordable housing and addressing town centre congestion. There is a clear need for action to stimulate economic growth in this part of the region.

The economy in the **south east** of the region has also experienced significant growth over recent years, benefiting from strong connections with the South East and the presence of strong growth sectors such as consumer services, tourism, marine technology and advanced engineering. But high levels of immigration, particularly of high wage earners, have placed major strains on local housing markets, resulting in serious shortages of affordable housing. The focus for development in this part of the region is largely in Bournemouth/Poole, the second largest conurbation in the region. The high quality environment in this part of the region, recognised by a number of nationally important environmental designations, is an economic strength but also a major physical constraint. Any development to meet housing and employment requirements has to be largely accommodated within existing urban areas at increased densities for housing and using planned urban extensions where sustainable. The growth potential of this area will need to be supported by targeted investment in transport infrastructure,

including public transport initiatives and demand management, to improve connectivity to the east and reduce congestion without increasing car based commuting

One common issue **throughout the region** is the challenge of planning for a sustainable future for those residents that live in smaller towns and villages. Some of the region's many market towns are vibrant centres of economic activity and provide a range of services meeting their rural hinterlands needs. The RSS and RES provides for continued growth in these places to enable them to become economic hubs of wider rural areas. Accessibility is an acute problem in rural areas and the RSS and RES address this through policies to encourage innovative approaches to rural transport provision and ways to bring services to rural areas. Affordable housing is also a real issue in many rural settlements. The Regional Housing Strategy recognises this and intends a significant investment programme in rural areas. It is also looking to identify new innovative ways to deliver affordable housing in smaller settlements and will draw on recommendations for practical solutions arising from the Affordable Rural Housing Commission which will report later this year.

The tables below show how, for each key regional strategic aim in the Integrated Regional Strategy, investment across the three funding blocks can be aligned to work jointly to deliver the aims. The tables also offer illustrative examples of planned interventions that will contribute to the achievement of these aims.

More detailed advice on the investment priorities for each block can be found in Annexes 2 (Housing), 3 (Economic Development) and 4 (Transport).

Integrated Strategic Response to the Challenges in the South West

IRS Key Aims	IRS Key Crunch Objectives	Strategic Integrated Response	Examples of Integrated Regional Spend
<p>Aim: To harness the benefits of population growth and manage the implications of population change</p> <p>Key Facts:</p> <p>Pop projected to grow by an extra 355,000 between 2006 and 2016</p> <p>In 2004 access to affordable housing was more difficult in the South West than in any other English region outside London</p> <p>In 2002 68% of SW households were unable to afford the price of the cheapest 25% of houses</p>	<ul style="list-style-type: none"> • to provide additional housing to meet identified future needs, including housing that is affordable • to use growth as an opportunity to make the best use of existing and proposed transport infrastructure • to ensure that the long term effects of population growth and change are anticipated in the planning of the full range of public services • to ensure that growth and development is sustainable – supporting environmental quality, optimising resource consumption and waste generation, promoting sustainable communities, and supporting economic prosperity • to adapt to unavoidable climate change impacts and minimise further impacts on a growing region 	<p>Achieving a step change in housing supply, by increasing the quality and improving the delivery, particularly in those areas designated by the RSS as strategically significant cities and towns</p> <p>Increase the quantity and improve the delivery of high quality affordable housing (using sub-regional housing market assessments to target resources)</p> <p>Ensure that the provision of housing supports economic growth in the region in order to reduce long distance unsustainable commuting</p> <p>Support development and economic activity in towns and cities by improving the capacity and performance of transport networks and the provision of new infrastructure to</p> <ul style="list-style-type: none"> - unlock employment and housing opportunities - enable greater access to employment - improve business productivity through reduced congestion and increased reliability - create vibrant and attractive cities and towns <p>Ensure that housing development and the provision of important community infrastructure are planned together</p> <p>Achieving a step change in the provision of public transport to ease congestion and open up access to jobs and training</p>	<p>Invest in Swindon and West of England as potential “growth points” as part of the region’s response to Barker (& in other key towns and cities)</p> <p>RDA purchasing key sites for housing or business and contribution to the costs of minor infrastructure development on sites to help unlock the economic potential of a wider area</p> <p>RDA support for sustainable construction methods</p> <p>Local Delivery Teams, Regional Infrastructure Fund and a Capacity Fund to support local authorities in delivering growth</p> <p>Investment in significant urban extensions e.g. in South West Bristol supported by improved bus links and Rapid Transit and the completion of the South Bristol Ring Road providing 2,000 new jobs and addressing significant levels of deprivation. The site includes plans for a community hospital, leisure facilities, a new public park and wildlife habitat with new homes, a learning campus and business and retail units</p> <p>RDA’s support for skills across sectors to improve the labour market.</p>

IRS Key Aims	IRS Key Crunch Objectives	Strategic Integrated Response	Examples of Integrated Regional Spend
<p>Aim: To enhance our economic prosperity and quality of employment opportunity</p> <p>Key Facts: Productivity:</p> <ul style="list-style-type: none"> • SW has the 5th highest GVA per hour worked • SW currently has the 4th highest GVA per head, some way behind London, SE, EE • Significant intra-regional differences 151% of UK GVA per head in Swindon to 63% in Torbay <p>Skills</p> <ul style="list-style-type: none"> • 14% of adults in the South West lack basic literacy skills and 49% lack basic numeracy skills (3rd best in literacy, 5th best in numeracy) 	<ul style="list-style-type: none"> • to ensure that housing development and the needs of the economy are planned for together • to improve regional communications and embrace new technological developments to improve access to labour and product markets • to ensure that the competitive position of the South West economy is improved and that differences in economic performance within the region are addressed • to increase investment in the region's research base and develop the connections between universities, businesses and the economy of the South West • to focus on raising the attainment of skills at all levels, and at all ages to improve the life chances of individuals and the long term economic prosperity of the region 	<p>Raising business productivity through supporting business growth (e.g. Business Link), skills and learning (particularly addressing poor Basic Skills), provision of sites and premises for business, and support for innovation and the knowledge economy</p> <p>Investment in key sites and premises to provide new business opportunities to support economic development</p> <p>Housing markets managed to support economic drivers ensuring that the provision of housing is linked to economic growth to reduce long distance unsustainable commuting and housing provision is increased to reduce the affordability gap and to avoid housing shortages inhibiting economic growth</p> <p>Supporting development and economic activity in towns and cities by improving the capacity and performance of transport networks, and the provision of more resilient infrastructure, including long distance strategic routes (second strategic route) to</p> <ul style="list-style-type: none"> - unlock employment and housing opportunities - enable greater access to employment and training - improve business productivity through reduced congestion and increased reliability - create vibrant and attractive cities and towns <p>With improved supply of housing, economic prospects and labour market mobility improved as workers should find it easier to find homes within their price range</p>	<p><i>Business Support</i> Repositioning of Business Link at the heart of RDA policy to promote enterprise in the region</p> <p><i>Innovation</i> Knowledge transfer between FE/HE, public sector research establishments and business</p> <p>Funding for incubators and Science Parks in priority areas such as Bristol, Plymouth, and Exeter</p> <p>Investment in key sites (e.g. Science City Bristol, 6,000 highly skilled, high value jobs, a major hub for science and technology)</p> <p>Build on the success of the EU funded Act Now project in Cornwall and equivalent initiatives elsewhere in the region</p> <p><i>Enterprise & Skills</i> RDA funding for education programme in schools to raise aspirations as well as key sector projects such as the Bournemouth Hotel School</p> <p>LAA opportunities for joint initiatives to promote enterprise in deprived areas, create pathways to employment for excluded groups (funding from Jobcentre Plus, Learning and Skills Councils, the police, social services and other agencies and LEGI).</p>

IRS Key Aims	IRS Key Crunch Objectives	Strategic Integrated Response (Housing, Economic Development and Transport)	Examples of Integrated Regional Spend
<p>Aim: To address deprivation and disadvantage to reduce significant intra-regional inequalities</p> <p>Key Facts:</p> <p>95 of the region's Super Output Areas (2.9%) are ranked within the most deprived 10% in the latest Index of Multiple Deprivation. More than half of these areas are in Bristol and Plymouth but the remainder are spread across 12 Local Authorities, highlighting small pockets of deprivation across the region</p> <p>Almost 150,000 residents live in areas ranked amongst the 10% most deprived nationally</p>	<ul style="list-style-type: none"> to ensure that resources are targeting areas at need to ensure that policy and delivery actively seek to reduce inequality in the region on a variety of different measures integrating social economy and environmental factors 	<p>Creating more homes overall and particularly more affordable homes eases the pressure on rented accommodation and provides opportunities for families to move out of rented accommodation into home ownership</p> <p>Meet the Decent Homes target for social sector housing and for 70% of vulnerable households living in private sector housing by 2010</p> <p>Ensure that major new housing development provides for mixed tenure and inclusive communities</p> <p>Investment to increase participation of those who live in deprived neighbourhoods</p> <p>Provision of a range of types and size of dwelling with a mix of tenures and Special Needs provision (e.g. gypsies and travellers)</p> <p>Investment to support training to improve basic skills</p> <p>Neighbourhood Renewal Initiatives improve the quality of life, and bend mainstream programmes to improve service delivery and provide for sustainable improvement in the quality of life</p> <p>Improved public transport services removes the barrier to access services, jobs and training</p>	<p>Meeting the Decent Homes target for the social and private sector would improve pockets of severe deprivation. Districts in Cornwall are intending to spend over £5m next year on improving private sector stock, through, for example, supporting Home Health Zones, Better Homes grants, and Safe, Warm and Dry grant schemes. Issues of fuel poverty and energy efficiency will be addressed, tackling the marked health inequalities that exist in the region.</p> <p>RDA funding to support regeneration in Neighbourhood Renewal Areas (with focused efforts in Bristol, Swindon, Exeter and Plymouth) and Urban Regeneration Companies (Swindon, Gloucester, and Camborne-Pool-Redruth)</p> <p>RDA promotion of Social Enterprise and community finance initiatives as key elements of regeneration</p> <p>RDA continuation of match funding for EU Structural Funds and new EU Convergence Funding announced for Cornwall</p> <p>Market and Coastal Towns initiative to support the development of towns as economic hubs of wider rural areas.</p>

IRS Key Aims	IRS Key Crunch Objectives	Strategic Integrated Response	Examples of Integrated Regional Spend
<p>Aim: To enhance our distinctive environments and the quality and diversity of our cultural life</p> <p>Key SW Facts:</p> <p>60% of England's protected coastline</p> <p>one third of England's nationally designated landscapes</p> <p>39% of the country's scheduled ancient monuments</p> <p>Over 12% of SW economy relies on the land/ landscape/ sea</p> <p>There are 20,670 companies in the cultural sector employing 152,800 and turning over in excess of £9.5bn</p> <p>In 2001 10% of visitor related exp (£880m) was on attractions and entertainment</p>	<ul style="list-style-type: none"> to maintain, and enhance our high quality environments and cultural activity and access to them to ensure our natural resources are used much more sustainably by using land wisely, minimising waste and increasing recycling, using renewables, and promoting sustainable construction and good design to fully understand and make much better use of the social and economic benefits of the region's high quality environment and the cultural distinctiveness of the South West 	<p>Housing built with an element of public subsidy will need to meet EcoHomes "Very good" standards</p> <p>Private market housing will be encouraged to meet the Code for Sustainable Homes, i.e. new homes will use around 20% less energy and water per occupant than a home built to 2002 standards</p> <p>Meeting the Decent Homes target will tackle fuel poverty and improve energy efficiency</p> <p>Investment in transport measures to relieve congestion and improve public transport services will enable more sustainable forms of travel, reduce pollution, improve access to markets, reduce peripherality</p> <p>Environment is seen as an economic driver in the SW, attracting investment and providing economic opportunity through environmental technologies and services;</p> <p>RDA Investment in public spaces, green spaces to enhance the impact of regeneration initiatives and build more sustainable communities</p>	<p>The RHS encourages high environmental standards through use of the RHP, and will be promoting energy efficiency measures in its private sector renewal policies</p> <p>Environmental technologies and services is a priority sector for the RDA. Support to provide alternative energy e.g. wave hub and additional support to develop networks, supply chains and sector skills programmes to raise productivity</p> <p>RDA funding and activity to support the Olympic events in Weymouth and Portland up to 2012/13 as well as continued support for the region's main iconic projects (e.g. Jurassic Coast and Creative Planet)</p> <p>RDA marketing of the SW through the South West of England brand</p>

IRS Key Aims	IRS Key Crunch Objectives	Strategic Integrated Response)	Examples of Integrated Regional Spend
<p>Aim: To make sure that people are treated fairly and can participate fully in society</p> <p>Key SW Facts:</p> <p>the least racially diverse population of any English region (2.3% from Ethnic Minorities)</p> <p>Low use of community facilities : 46% of people use libraries; 34% use museums</p> <p>Full time average weekly earnings for women are 76% of those for men</p>	<ul style="list-style-type: none"> to ensure that in tackling intolerance and discrimination, the particular needs of individual people and communities are not overlooked in favour of a 'group' solution to work alongside one another to ensure that co-ordinated, consistent education and communication is given about tackling discrimination and exclusion in the region to ensure that everyone is able to access jobs, services, cultural facilities and activities and quality environments to enable them to participate in society to ensure an active, inclusive and creative approach to consultation on policy and delivery in the region. 	<p>Provision of skills training to enable full and effective participation in the workforce and the ability to adapt to new employment opportunities</p> <p>Support for local entrepreneurship and social and community enterprise</p> <p>Improved public transport services and other measures to improve accessibility to services, jobs and training</p> <p>Transport strategies will encourage "smarter choices" and explore the benefits of greater demand management.</p> <p>Spatial plans and other measures will seek to reduce the need to travel.</p>	<p>RDA funding in Gloucester, Swindon, Bournemouth and Torbay and in the NR areas of Bristol, Plymouth and West Cornwall to increase community participation and economic inclusion through the development of skills and strengthening the voluntary and community sector</p> <p>In Bristol, a package of public transport schemes that will improve access to jobs and services in the sub-region (The Greater Bristol Bus network, Bath Public Transport Scheme, Worle Public Transport Interchange and the bus based Rapid Transit Schemes)</p> <p>Rural areas (defined as county towns, market towns, and smaller rural settlements) are intended to benefit from around £115m of funding from the 2006-08 National Affordable Homes Programme. Tenants will also be supported to play an integral part in improvements to social housing stock</p>

C. Investing in our Capacity to Deliver

To address these challenges effectively in an integrated way, the region recognises the need to improve its capacity to deliver. This means being more proactive in commissioning transport schemes that contribute to regional strategic aims, producing design briefs, and having the technical capacity to bring forward robust, evidence-based transport schemes in areas where these skills and capacity are scarce, and to better coordinate and drive delivery of urban extensions and major developments. The new tools and mechanisms to aid delivery are:

(i) Regional Infrastructure Fund

Through work on the Way Ahead, the region is developing proposals to help overcome a major barrier to development namely, the **timely** provision of infrastructure on key sites.

A new Regional Infrastructure fund is proposed, as a response to a number of significant constraints and opportunities:

- where infrastructure is needed 'upfront' to open up and service land, which is then developed over a relatively long time
- the ability to capture contributions from land owners who subsequently benefit from an increase in land values arising in part from the infrastructure provision, but who were not party to the original planning approval,

The RIF offers the opportunity to invest in a different way. Initially it is intended that investment would be alongside agreements with landowners who would commit to making payments back. Through becoming an investor partner, more akin to an equity investment, the RIF would expect to secure enhanced contributions from developers by having more sophisticated agreements, perhaps relating to profitability over a longer period. Where the RIF is supporting a scheme that will open up land to be developed, for example, over a ten year period, this means it will benefit from uplifts in value over time, which a one off S106 contribution cannot hope to achieve.

We are investigating the establishment of a fund initially with public sector resources based on an initial RDA contribution of £15m in 2007/08, followed by a further top up of £15m in 2008/09, and then £10m per annum for 2009/10 and 2010/11 (£50m in total). A contribution will also be made from the transport RFA totalling a further £30m over the spending period (see Table 1 in the Transport Annex for details of the spend profile). The Way Ahead Advisory Group is overseeing work by consultants to develop a financial model and governance arrangements, based on two regional case studies (Poole Harbour Regeneration and East of Exeter). This analysis will be used to inform our aim of creating a fund that levers in private finance from developer contributions to fund infrastructure. We will need to discuss further with Government how this idea would operate in the light of the recent consultation paper on Planning Gain Supplement – one option would be for the regional element of PGS to refresh the RIF.

(ii) Capacity Fund

Large scale transport infrastructure projects currently require a significant commitment of local authority funding, at risk, before LTP funding is assured. Clearly the free availability of funding to finance the development of schemes could result in the development of more schemes than there was the prospect of funding for delivery. But where the region has identified schemes as a priority for delivery through the RFA it would like to be able to allocate funds to help local authorities to develop and deliver these schemes. This could only apply where DfT and HMT agreed that it was appropriate to capitalise development work but even with that restriction this would be a major help where relatively small local authorities are trying to promote expensive and complex schemes.

We propose to top-slice a proportion of the RFA to commission and provide technical capacity to bring forward robust transport proposals for strategic places or sites. A transfer from the transport RFA to the Capacity Fund is proposed starting in 2008/09. The proposed transfer is set out in Table 1 of the Annexes on transport schemes and amounts to £5m over the period 2008/09 to 2015/16. . The region would like to explore how the Capacity Fund could be made available sooner in order to facilitate completion of technical work to bring schemes (e.g. in Tables 2 & 3) forward earlier. The SWHB is willing to support and invest up to £1m pa from the RHP in the Capacity Fund from 2008/09 onwards, subject to

further details of the scheme being worked up. Investing in local capacity to master plan and bring forward innovative, mixed use schemes will help meet the first objective of the RHS to improve the balance of the region's housing markets and offer more people the opportunity to access a home at a price they can afford.

The Capacity Fund would be targeted on those areas that will need to accommodate greatest growth. It will be used to invest in capacity to master plan and bring forward innovative, mixed use schemes to improve the balance of the region's housing markets and offer more people the opportunity to access a home at a price they can afford, support the development of proposals for strategic transport proposals, other forms of infrastructure and studies to provide the evidence for the type of intervention required or to coordinate particularly complex developments.

(iii) Local Delivery Teams

The Way Ahead proposed Local Delivery Teams to co-ordinate resources across partners and to establish structures capable of driving the delivery of sustainable new communities. The RDA and GOSW are working with the five areas identified in *TWA* (i.e. Bristol, Swindon, Exeter, Plymouth and the 5 Cornish towns) together with the additional areas identified in the ODPM's New Deal for Cities and Regions (Bournemouth/Poole, and Cheltenham/Gloucester) on developing delivery plans to show *what needs to be done by whom and by when*. Each area will have different needs, and we are working with local partners to assess requirements and agree specific arrangements.

These Delivery Teams will build on local capacity and maintain partners' focus on delivery of planned housing and economic development. The Local Delivery Teams provide the opportunity for tailored mechanisms, responding to local circumstances, to coordinate responses to pressures for growth demonstrating clear local and sub-regional leadership.

Other Funding Streams

To achieve more sustainable and more attractive communities in which to live and work will require the provision of wider supporting infrastructure (health, schools, community facilities etc) and improvements in skills for socially excluded groups, investment in public spaces, in community safety and cohesion. These go well beyond the funding streams covered by RFAs. The Government should take account of these wider needs and review how best to align public sector provision with growth – whether at regional, sub-regional or local level - as part of the cross-cutting review announced for CSR07.

Other funding streams that need to be better coordinated to address the challenges faced by the region include EU funding and English Partnerships' investment programmes and funding for Rail infrastructure. These latter funding streams are not currently within the RFA process and to maximise the opportunity for achieving regional priorities, Government should consider in CSR07 ways to bring these funding streams in to the RFA process in the future. Funding which may be proposed nationally for New Deal for Cities and Regions and/or New Growth Points will also be relevant to ensuring that growth in those parts of the region likely to grow most substantially is fully sustainable.

European Programmes

It has been agreed by EU member states that Cornwall and the Isles of Scilly will qualify for a new Convergence Structural Fund programme for the period 2007-13. Other parts of the region may also qualify for funding under the new Competitiveness Objective. Partners in the SW, led jointly by RDA, the Regional Assembly and GOSW, are preparing analysis and strategic priorities, based on the RES and the RSS and other relevant strategies, to provide a framework for any European funding that may be available between 2007-13.

An important aim of this preparatory work is that any new EU programmes are, wherever possible, woven with mainstream funding in order to maximise effectiveness, rather than establishing separate funding or management arrangements. This might include the innovation strand of an EU programme being co-financed with the RDA, a skills strand co-financed with Learning and Skills Councils, a worklessness strand co-financed with Job Centre Plus and an element woven into the economic leg of an LAA. In addition to this SW-wide work, similar preparation is underway in Cornwall & Scilly in relation to

the new Convergence Structural Fund programme, linked to the sub-regional economic strategy, "Cornwall Strategy and Action".

The role of Private Sector Investment

Private sector investment is critical to the achievement of the Integrated Regional Strategy headline aims. The majority of investment to raise economic productivity and increase housing supply will be market led. Our strategies are designed to support and facilitate that investment, to unblock barriers and to act as a catalyst.

RFA funding is only a proportion of public money invested in the region (approximately 8% for transport, 40% for housing and 44% for economic development)³. Similarly, the significant amount of private sector investment in the region means that public investment will need to focus selectively where it is needed to unblock barriers (by contributing to the cost of transport infrastructure), address market failure (to ensure that affordable housing is provided) and to complement private development, not act as a substitute for it. For example, although the private sector will be providing the bulk of private housing, public funding will be used to ensure that affordable housing is also supplied to meet need, where the market on its own would not deliver.

The scale of growth over the next 10-20 years will put significant pressure on a range of services, beyond housing and transport. Education, health, social services, policing, water supply and sewerage will all need to be planned to meet the needs of new and expanding communities. In many areas, this will be taken forward by the private sector.. Local authorities will need to cooperate across boundaries and work with developers to deliver as much key infrastructure as possible through S106 and/or using the new Planning Gain Supplement recently proposed by Government .

In some places, the scale of development implies a step change in delivery over previous rates and the development industry should be fully involved in establishing the feasibility of proposals. In some cases, public sector capital investment can be used to lever in contributions from developers. But in others, public sector investment will need to be flexed to align with priorities for housing, economic development and transport.

RFA economic development funding for regeneration will continue to focus its regeneration funding on areas of greatest need, often acting as a catalyst to attract private developers, by providing the confidence to invest and overcoming legacy issues such as contaminations.

Investment in major transport schemes will be complemented by smaller scale measures brought forward through Local Transport Plan funding but we also need to consider more imaginative ways of using the capital available through the LTP block to work in partnership with private sector transport operators who can then provide the service. This would help to address the difficulty for local authorities of identifying resources for revenue support to deliver critical transport services that are not market led.

D. Flexibilities - Virement and Phasing

There is widespread agreement within the region to contribute funding towards a **Regional Infrastructure Fund** to provide transport and other infrastructure that would unblock sites for housing and employment. The RDA has proposed a contribution to the region's Regional Infrastructure Fund worth a total of £50m over the entire RFA period. We are also proposing to make payments from the transport allocation into the RIF (totalling a further £30m over the funding period). There is also support for a **Capacity Fund**. We are proposing to make a payment from the transport allocation in to the Capacity Fund of £5m up to 2015/16, and potentially up to £1m pa from the housing allocation from 2008-09.

The South West region is aspiring to reshape the priorities for **transport** investment, particularly to encourage sustainable growth in its key settlements. The long lead time on the development of transport projects means that there is a degree of uncertainty about how long it will take to bring forward some of the key projects identified as desirable for this urban growth agenda. This, coupled with the relatively low level of committed schemes currently under development in the region means that the level of

³ Estimates based on Public Expenditure Statistical Analysis 2005 cited in the RFA Guidance July 2005

programming included in the proposed RFA programme for some of its earlier years is quite low. So even a relatively limited amount of slippage might mean that the region would want to reserve funds from some of these earlier years, particularly 2008/09 – 2009/10 to spend on priority projects later in the programme. The region would like to explore with DFT options for achieving this profiling of the programme.

Affordable **housing** remains a very high priority for the region and the region envisages no difficulty in finding good quality schemes to fund under its recently substantially increased allocation. We would however like to discuss with Government the potential to introduce a flexibility within the Resource Accounting framework to bring forward housing allocations from future years if in any one year there is an exceptional number of vfm schemes. Similarly, if in the future there is scope for deferring a limited amount of expenditure for affordable housing to coincide, for example, with a major site being built-out this would offer some attractions in managing the Affordable Housing Programme over the longer term.

Other than these proposals, there is little appetite for moving away from a fixed and stable envelope for **housing** and **economic development** investment, which is provided by the RFA assumptions. The region has seen a significant increase in housing funding and has been gearing up to invest it, so current levels need to be maintained.

E. Stakeholder Engagement

This advice draws on much consultation in the SW, on priorities for the Regional Economic Strategy and Regional Spatial Strategy as well as more recent consultation on the RFA advice, within the timescales set by Government. Details are:

- The priorities for **economic development** and housing are based on existing Plans/Strategies of [the RDA's Corporate Plan](#) and revised [Regional Economic Strategy](#) (RES) for economic development and the [Regional Housing Strategy](#) (RHS) for housing.
- The RDA held 54 meetings to consult with key regional stakeholders on priorities for the revised RES. The draft RES was launched at 'The Main Event' held in Torquay on 20th September 2005 marking the start of a formal consultation period which closed on 9th December 2005. A number of smaller consultation events were held across the region during November.
- The **Regional Housing Strategy** 2005-16, drew on extensive consultation, including themed workshops during 2004, written consultation on the RHS "vision and values" in 2004, and a 12 week consultation period in early 2005 on the draft RHS. During this period, five consultation events were held around the region, attracting around 250 delegates altogether. On the RFA advice, the SWHB held a Workshop session with the Regional Housing Forum in September, and the advice has been further discussed in working group and Forum meetings since then. A specific working group session of the SWHB was held in October which considered in more detail the funding priorities, and issues of phasing and virement.
- Priorities for **transport** form part of the Regional Spatial Strategy's Transport Strategy. The RSS has been subject to intensive stakeholder engagement and consultation since work on its revision started in April 2004. This has been achieved primarily through Joint Study Areas across the region involving local authorities and stakeholders to consider and articulate issues and needs and priorities for each area. These were then issued for public consultation on a draft strategic vision for those areas. In summer 2005 there were 7 debates /workshops on regional and sub regional themes and topics including transport. A draft RSS was subject to debate at the Assembly in October 2005 and was jointly consulted on with the revised RES in November. The final RSS will be submitted to Government for full formal public consultation and subsequent Examination in Public, in Spring 2006.

On the RFA advice for transport, a working group was established with representatives from local transport authorities, the regional development agency, members from the regional assembly and the Government Office. Two Regional Transport Forums were held in March and November 2005 to consult on key transport problems and issues and possible solutions. This wider group has been working closely with the Regional Assembly Spatial Planning and Transport Members Group.

A Regional Workshop for key stakeholders was held on 29th November to discuss the emerging issues across all three funding blocks and for the integrated advice. GOSW established an eforum on it's external website to stimulate discussion on the priorities set out in draft advice and to invite wider comment.

This advice has been considered by the Regional Assembly Executive (9/12 and 18/01), the RDA Board (23/01) and the Full Plenary of the RA (27/01).

F. Evidence

The RFA advice draws on extensive evidence:

- For housing, this includes the mapping and profiling of sub-regional housing markets by DTZ and the current assessment via the ODPM “ready reckoner” of how far away authorities are from meeting the private sector Decent Homes target. Evidence has also been drawn from economic and household projections, and advice from sub-regional technical work underpinning the emerging RSS to 2026.
- For economic development an extensive evidence base has been compiled and can be viewed at [SWRDA : South West of England Regional Development Agency](#)
- The evidence for transport schemes can be found on the SWRA’s website <http://www.southwest-ra.gov.uk/swra/ourwork/planningandtransport/index.shtml>
- A detailed evidence based on the performance of the region and the key issues it faces was also prepared for the Integrated Regional Strategy and is available from: <http://www.southwest-ra.gov.uk/swra/ourwork/integratedregionalstrategy/index.shtml>

Annex 1. Key South West Facts

The key South West Facts are presented under the relevant IRS Aim.

i) To harness the benefits of population growth and manage the implications of population change

Population

- The South West has a **total population** of just over five million (around 10% of the English total).
- It has the lowest **population density** of any English region (211 persons per sq km - the English population density is 385 persons per sq km). There is a great variation in population density across the region, ranging from Bristol, (3581 persons per sq km) to West Devon district (43 persons per sq km).
- Between 1984 and 2004 the South West had the **fastest growing population** of any English region (12.9%), almost twice England's 6.8% growth over the same period. The population increase is largely due to people moving into the region.
- A higher percentage of the population of the South West lives in **rural districts** than in any other English region (about 56%). These 31 districts have seen a higher recent rate of population growth than the region's 14 urban districts.
- The South West has the lowest percentage of people living in **urban settlements** of any English region (67%, England as a whole 82%). It has the most people (and highest percentage of people) living in **villages, hamlets or isolated dwellings** (17%, Eng. 8%) and in **remote locations** (4%, Eng. 1%).
- The **main urban areas** in the South West are Bristol, Bournemouth & Poole, Plymouth, Swindon, Gloucester, Torbay, Cheltenham and Exeter. These eight areas include more than a third of the region's population. Bristol Urban Area has a population of more than half a million people and is the 9th largest urban area by population in England & Wales.
- According to ONS 2003-based projections, the population of the South West is **projected to grow** by almost half a million people between 2003 and 2018 and by another 325,000 by 2028.

Age Breakdown

- Of the nine English regions, the South West has the highest percentage of people of **retirement age** and above. (21.7%, Eng. 18.5% - *M65/F60 plus*) Dorset county and Torbay both have more than a quarter of their population of retirement age and above.

Transport

- The **transport infrastructure** includes the M4 and M5 motorways running east/west and north/south respectively. By far the busiest **airport** is Bristol, with 4.6 million passengers in 2004, 71% of the total in South West airports. Exeter and Bournemouth Airports are the next busiest.
- It takes almost an hour less to travel by car from the north of the region to Scotland than it does to travel from the north of the region to the tip of Cornwall.
- South West residents are more likely to make their **journeys by car** and less likely to travel by **public transport** than the average for England.
- People in the South West have some of the least accessible **bus services** in England with only 82% living within a 13 minute walk of an hourly service (Eng 90%).
- The number of **rail journeys** undertaken by South West residents has increased by 42% since 1995/6 (the increase for England as a whole has been 38%). 41% of journeys originating in the South West are for destinations outside the region. About a fifth of all journeys from the region end in London.
- There is a growing demand for **air travel** within the region. The number of passengers at South West airports in 2004 increased by 25% on the previous year's total (Eng increase 8%).

ii) To enhance our economic prosperity and quality of employment opportunity

Employment

- Overall, the region's **employment** rates are high, with 79% of the working age population in employment, compared with 75% for England as a whole.
- There is significant variation in employment rates within the region, ranging from Bournemouth's rate of 68% to South Gloucestershire's 85%.

- Similarly, **economic activity rates** vary within the South West, with 72% of Bournemouth's working age population being economically active, while the figure for South Gloucestershire is 87%. (Eng 79%, SW 82%)
- The South West also has high levels of **part-time** employment, 30% of workers are part-time (with Torbay having 35%, the highest percentage in the region). This compares to 26% of the working population of England.
- **Unemployment** in the South West has remained consistently lower than the English average over recent years and has been steadily decreasing. However, this can mask the wide fluctuation in claimant count rates which tend to be higher in the south and west of the region, particularly in the winter.
- The latest Labour Force Survey **unemployment rate** (May 05) for the South West is 3.4% of the working age population, compared to the English rate of 4.7%. The highest unemployment rates are Plymouth 5.3% and Bristol at 4.2%.
- 8.3% of households in the South West containing working age people are **workless** (have no household member working). This is the third lowest proportion among English regions.
- At the time of the 2001 Census over 5% of the **unemployed** (almost 5,000 people) had never worked. In Bristol, Kerrier and Plymouth the proportion was about 8%.
- 19% of the working age population in the South West are **economically inactive**. The rate is highest in Penwith (26%) followed by Plymouth, West Somerset and Torbay (all 23%).

Economy

- The South West has one of the smaller economies of the English regions with a figure for **Gross Value Added** (GVA) of almost £79 billion, just over 9% of the total for England.
- The South West's **GVA per head** is about 9% less than the overall figure for England, but there are huge disparities within the region: The GVA per head of Torbay is 38% lower than the figure for England as a whole, whilst in Swindon's is 47% higher.
- In recent years, **growth in GVA per head** has been highest in Gloucestershire, Cornwall & the Isles of Scilly and the 4 unitary authorities that were formerly Avon. All of these areas have had rates of growth faster than that of England as a whole. Torbay has had one of the lowest rates of growth in GVA per head in England.
- **Tourism** is a key industry in the South West, which accounts for around 20% of England's domestic tourist trips and 8% of overseas trips to England. The industry contributed an estimated £4,103 million in expenditure to the region's economy in 2004.
- **Agriculture** remains an important industry for many rural areas, despite making a relatively modest contribution to regional GVA (1.8% of GVA in the South West, compared to 0.9% for England as a whole). In rural parts of the region it is proportionally more important to the total GVA with agriculture and related industries responsible for 4.1% of the GVA of Cornwall & the Isles of Scilly, 3.9% of Dorset's and 3.6% of Devon's.
- Average **earnings** in the region are low. The median annual gross pay for all employees in the region is £17,600, only 91% of the equivalent for England (£19,300). There are substantial sub-regional variations; Torbay's median annual pay is £14,100, the lowest of the South West County and Unitary Authorities, while the equivalent in South Gloucestershire is £21,100, 33% higher. On average in the South West Males earn 25% more than females (England 23% more

Education & Skills

- Taken as a whole, the South West's **educational attainment** is above the national average, but there are wide variations within the region especially in more deprived inner cities and towns.
- 55.8% of young people in maintained schools in the South West gained 5 or more A* to C grades at **GCSE** or equivalent. This is higher than the England average of 54.2%.
- Bristol is the only South West LEA where the success rate is among the **lowest fifth** of LEAs. 36.1% of its pupils achieved 5 or more A* to C grades, the lowest percentage of all English LEAs. 7.8% of pupils in Bristol did not achieve any passes at this level (the second highest among LEAs). The South West equivalent is 2.7% and the England rate is 3.2%.
- The South West has 34 **FE College** Corporations over 500 000 students
- The region has 14 **higher education** institutions (HEIs) with a combined student population of over 140,000.
- The South West has a relatively high **skills level** among adults. 47% of the working age population is qualified to Level 3 or above (Eng. 45%). 26 % hold graduate level qualifications (the same as for England as a whole).

- 11% of working age people in the South West have **no qualifications**, the lowest proportion in the 9 English regions (England 15%)
- According to the National Audit Office⁴ the South West has the lowest participation rates of adults without skills equivalent to a GCSE in courses relating to literacy (4.9%, Eng. 5.8%) and numeracy (3.5%, Eng. 4.5%).⁵ The region also has the lowest achievement rates among such adults with 2.1% gaining qualifications in literacy courses (Eng. 2.5%) and 1.4% successful in numeracy courses (Eng. 1.8%).

iii) To address deprivation and disadvantage to reduce significant intra-regional inequalities

Crime Rates

- In The South West region had the second lowest rate of **recorded crime** in English and Wales in 2004/05 (89 per 1,000 population compared with 105 for England and Wales).
- Rates of **recorded crime vary considerably** between the 45 Crime and Disorder Reduction Partnerships within the South West, ranging from 112 crimes per 1,000 population in Bristol to 23 in East Dorset.
- Whilst rates of **burglary** and **theft** of and from a vehicle recorded by the police fell (12% and 16% respectively) between 2003/04 and 2004/05, **criminal damage** remained stable and violence against the person increased by 10%.
- **Overall crime** in the region has reduced by 3% in the 12 months ending 30th November (GOSW Crime Team January 2006)

Housing

- The **average house price** in the region (£202,396 – Q3 2005) is slightly higher than the English average (£197,201).
- House prices tend to be higher towards the east of the region, (Poole £255,000, Bath & NE Somerset £250,000. In the past year, average **house price rises** have fallen in almost half of South West counties and unitary authorities. The highest percentage rises between Q3 2004 and Q3 2005 were in Poole (+7%), North Somerset and Torbay (both +6%).
- Because the South West has below average wages and above average house prices there are problems with **affordability**. The average house price in the region is around 10 times the average annual salary (it was about 8 times higher nationally). In Dorset and Cornwall & the Isles of Scilly it was around 13 times higher.
- The use of **Temporary Accommodation** has risen by 36% since 1999, and homelessness acceptances are 15% higher than in 1997.
- There has been a 2% fall in the stock of **social housing** between 1991 and 2003, due to high rate of Right To Buy Sales and lower rates of social housing replacement.

Health

- Of the nine English regions The South West has the highest **life expectancy** for women (82.0, Eng. 80.9) and men (77.8, Eng 76.6).
- In the 2001 Census, 8.5% of the region's adult population reported that their **general health** is "not good" (Eng. 9.0%). There were considerable variations across the region, with a greater percentage of people reporting poor health in the more deprived areas.

Deprivation

- Four of the 45 South West Local Authorities receive **Neighbourhood Renewal Funding**: Bristol, Plymouth and Penwith and Kerrier in Cornwall.
- There are **Neighbourhood Management** pathfinders in Bournemouth, Gloucester and North Devon, while Bristol and Plymouth both include **New Deal for Communities** (NDC) areas.
- 95 of the region's Super Output Areas (2.9%) are ranked within the most deprived 10% in the latest **Index of Multiple Deprivation**. More than half of these areas are in Bristol and Plymouth but the remainder are spread across 12 Local Authorities, highlighting small pockets of deprivation across the region. Almost 150,000 people live in these areas
- The latest Indices also show widespread **access deprivation** throughout the South West, particularly in rural areas.

⁴ NAO Report: Skills for Life: Improving adult literacy and numeracy (published Dec.2004)

⁵ Excluding courses at entry level 1 and 2 and not leading to an approved qualification.

iv) To enhance our distinctive environments and the quality and diversity of our cultural life

Physical Environment

- The South West has the **largest area** of the 9 English regions (23,837 sq km – more than 18% of England). [
- The region has the highest percentage of **rural land** of any English region, with around three quarters of the total land area being part of an agricultural holding.
- The South West has over 60% of England's **heritage coast**. Almost a third of the region is within an '**Area of Outstanding Natural Beauty**' and the two **National Parks** of Dartmoor and Exmoor make up 7% of the land area. The South West is also home to the **World Heritage Sites** of Stonehenge and Avebury, the city of Bath and the Jurassic Coast in Dorset.

v) To make sure that people are treated fairly and can participate fully in society

Ethnicity

- The **non-white ethnic minority population** is low in the South West with none of the region's 45 local authorities having a larger ethnic minority than England as a whole (9.1%, SW 2.4%).
- Only Bristol (8.2%) and Gloucester (7.5%) have more than a twentieth of their population with a non-white ethnicity.

Annex 2. Regional Housing Pot – Investment Priorities

Regional objectives and alignment of strategies

The RFA advice for housing has been guided by the mission in the Regional Housing Strategy 2005-16 which is to “*work in partnership to ensure that everyone has access to a good quality home within a sustainable and inclusive community.*”

To support the achievement of this aim, the RHS contains three strategic objectives:

- Aim 1 – Improving the balance of housing markets.** To develop housing markets with a range of tenures, which improve the balance between supply and demand, and offer everyone the opportunity to access a home at a price they can afford.
- Aim 2 – Achieving good quality homes.** To ensure that existing and new homes improve over minimum standards of quality, management and design.
- Aim 3 – Supporting sustainable communities.** To ensure that housing makes a full contribution to the achievement of sustainable and inclusive communities.

Table 1 – Proposed housing investment 2005-2015, £m

	2005/ 6	2006/0 7 £m	%	2007/0 8 £m	%	2008/0 9	%	2009/1 0	%	2010/20 11 – 2011/12 (2 years)	%	2012/13 - 2015/16 (4 years)	%
Affordable housing ¹	97	116	74	159.5	78.5	165	79.5	168	79.5	348	80	739	80
Decent Homes in the social sector ²	40	10	6	9	4.5	7	3.5	7	3.5	13	3	28	3
Private sector renewal ²		30	19	30	15	31	15	32	15	65	15	139	15
Gypsies and travellers	0	2	1	4.5	2	4	2	4	2	9	2	18	2
TOTAL	137	158	100	203	100	207	100	211	100	435	100	924	100

1. These figures represent the contribution from the Regional Housing Pot to the Housing Corporation's National Affordable Homes Programme which is used to support investment in homes for social rent, low cost home ownership products, and supported housing schemes. The short term priorities for this funding are given in the Regional Housing Strategy 2005-16, where the majority of resources are directed to providing new social rented housing.
2. These two lines of investment taken together provisionally include up to £1m pa virement into the Regional Capacity fund from 2008-09 onwards – see pg 13 above for more details.

Affordable housing

The main priority for the use of the Regional Housing Pot between 2005 and 2016 is to support the sustainable economic growth of the region, and help tackle the imbalance in our sub-regional housing markets. This is where alignment with transport spending and SWRDA spending is crucial, and is part of the way the regional institutions are working together – for example through *The Way Ahead* advisory group - to ensure maximum benefit is obtained from this spending for the South West.

We are proposing to increase the amount of capital investment to subsidise **Affordable Housing** from 78.5% to 80% by 2010, absorbing a slight reduction in spending on meeting the Decent Homes target in the social sector, as this target is met.

The **spatial distribution** of this funding will be determined by evidence from sub-regional housing market assessments, local needs surveys and other evidence such as housing register information, homelessness figures, etc, and will support the overall regional spatial strategy of improving sustainable economic growth.

For the next spending period between 2006-08, for example, 60% of funding will be made available in the region's 11 Principal Urban Areas (PUAs), around 11% for very small rural settlements, and the remaining 39% in other rural settlements ranging from market towns to larger villages. As more information from sub-regional housing market assessments and other evidence becomes available, this spatial distribution may need to be revised through the next review and consultation on the RHS and investment strategy. It is likely that the majority of NAHP will be required to support housing growth in the region's most significant towns and cities to ensure an appropriate tenure mix of social rented and intermediate housing. This is likely to continue up to 2015-16 as some plans for new communities and urban extensions will take this long to build out.

However, an increasing proportion of the available funding may be also required to fill the market failure for affordable housing in rural areas which are not seeing high levels of market housing being built. It will be for the Regional Housing Body to closely monitor the timing and deliverability of major sites, and have sufficient flexibility within the NAHP to respond to these needs, while maintaining investment in each Housing Market Area based on evidence from HMA and local needs studies.

In terms of **tenure**, increasing the supply of homes available for social rent is the priority, as this is the evidence from most local needs surveys⁶. However, it is also true that the market for intermediate forms of housing is growing strongly, and the RHB is keen to support innovative models of providing affordable housing which use little or no public subsidy. This will enable the public funding available to be targeted where it is needed most – to provide an appropriate levels of social rented accommodation and to unlock the potential of sites to deliver a mixed and balanced community.

Quality of homes

The South West is committed to meeting the Decent Homes target for the **private sector** (contained in ODPM PSA7 target) and has made private sector investment its second funding priority. It is not an area of particularly high priority in many local authorities at present, and the SWHB is keen to both invest in Private Sector Renewal and bring partners together to support initiatives that address both Decent Homes standards and help to alleviate fuel poverty for vulnerable households.

Investment to 2010 is crucial to help meet the Decent Homes target by 2010, and it is anticipated that further significant levels of investment will be needed for the following five years, to move beyond the meeting the Decent Homes target into measures that also tackle fuel poverty.

It is therefore proposed that the level of investment (via local authorities) in private sector stock improvements is maintained at around 15% of the Regional Housing Pot until 2015-16.

⁶ For example, more than 70% of the affordable housing subsidy from the RHP is being directed to social rented provision between 2004-06. Similar levels of support for social rented provision are anticipated in the new 2006-08 NAHP programme.

In terms of **spatial distribution** for private sector investment, the main urban areas again require relatively high levels of funding as they contain the largest numbers of deprived neighbourhoods. Rural areas, particularly in the far South West also require relatively high levels of funding, as they tend to have relatively old stock with high proportions of hard to heat homes that are off the mains gas supply.

The SWHB is also committed to ensuring the region meets the Decent Homes target for the **social sector** by 2010. A robust Option Appraisal process has been undertaken which has resulted in 6 decisions to transfer, 7 decisions to retain and 5 decisions to set up ALMOs. No Pfi options have been chosen to meet the Decent Homes target. Three remaining Option Appraisals will be completed during 2006.

Over the next two years, these transfers and ALMOs will be implemented, leaving at least 7 stock-retaining authorities. These authorities will be funded to continue to invest in their housing stock as agreed in their Option Appraisals up to 2010. Thereafter these authorities will continue to require some investment to maintain the Decent Homes standard and move beyond it, although this is likely to require slightly lower shares of the RHP than before.

It is therefore proposed that the level of investment in local authority stock improvement falls from around 4.5% of the RHP to around 3% after 2010 (see Table 1 above).

In terms of spatial distribution - the main focus is in the urban areas of Bristol and Plymouth, which are retaining stock and account for around 45,000 homes (33% of all Local Authority stock). Other major urban areas retaining stock are Swindon with around 10,000 homes, Bournemouth and Exeter with around 5,000 homes each.

Gypsies and Travellers

Finally, ODMF have included grants for Gypsy and traveller sites within the RHP from 2006-07, and expect Regional Housing Bodies and Regional Planning Bodies to ensure local assessments of need are made, and appropriate policies included in the Regional Spatial Strategy and Local Development Documents.

The South West has the third highest amount of Gypsy and Traveller caravans in England, with approximately 1 in 8 caravans being located in the region. Unauthorised development in the South West region is found in significant amounts in Gloucestershire, specifically in Cheltenham, Stroud, South Gloucestershire and Tewkesbury, and also in North Wiltshire, Sedgemoor and South Somerset.

Unauthorised camping in Cornwall is concentrated in Caradon, Carrick and Kerrier, where caravans are found on the roadside year round. Mid Devon and Teignbridge also experience regular unauthorised camping, as does North Dorset. Gloucestershire experiences the most significant issues in the South West with large numbers of encampments in Cotswold, Forest of Dean and Stroud. Bristol City, and also Salisbury in Wiltshire experience unauthorised camping from time to time.

Around £4.5m is being made available to the South West in 2007-08 to fund the provision and refurbishment of public sites. Given the likely amount of need in the region, and the length of time it is expected to take to find appropriate sites, it is assumed that this level of funding will be needed into the longer term.

It is therefore proposed that the level of investment Gypsy and traveller site grant remains at around 2% of the RHP until 2015-16. (see Table 1 above). This will be reviewed in the light of more robust evidence of need that emerges from Gypsy and traveller needs surveys.

Sensitivity testing and vfm

With 10% more funding, stakeholders wish to see more units of affordable housing being delivered through the NAHP, while maintaining high scheme design standards and 'very good' EcoHomes ratings. This investment can be directed towards more socially rented homes and help drive through delivery in the region's major growth areas. New build affordable housing is also already due to meet "very good" EcoHomes standards, and the Regional Housing Strategy encourages social landlords to look beyond Decent Homes standards, to include a range of anti-fuel poverty measures, links to health, Lifetime Homes etc without additional funding. The RHS also

encourages private developers to meet the Code for Sustainable Homes and the RSS encourages high environmental standards and sustainable construction through promoting BREAM and EcoHomes standards as a minimum. Build cost inflation is also higher than the GVA deflator used for the RFA exercise, so even with 10% more funding there is an inherent downward pressure on volumes built into the system which needs to be taken into account.

To accompany the RFA allocations, to increase the actual delivery of affordable housing on the ground, the RHS is encouraging the greater use of public sector land in deals with RSLs, and innovative use of intermediate models of provision involving RSLs and the private sector. Local Authorities will also need to use the tools available within the new planning system to allocate land solely for affordable housing (permitted in PPG3) where necessary and utilise lower site thresholds, when backed by robust evidence of need from local need assessments and HMA studies.

With 10% less funding, the region would reduce spend on improving housing stock in the social and private sectors (decent home or successor standards). Any reduction in funding for Affordable Housing would result in greater unmet housing need and difficult choices on priorities between higher cost schemes (e.g. rural and Supported Housing schemes) and the balance to be struck between social rented provision and low cost home ownership products.

Annex 3. Economic Development – Investment Priorities and Summary of Expenditure 2007/08 to 2011/12

Strategic Objectives

This advice sets out the RDAs priorities for economic development up to 2016. The priorities for 2005/06 to 2007/08 are already agreed and will be delivered through the Corporate Plan of the RDA. This advice focuses on priorities from 2007/08 through to 2015/16. For the basis of the advice, the RDA has used the objectives that are set out in its current Corporate Plan (2005-08). However for future years (2010/11 to 2015/16), priorities have been based on those emerging from the revised RES.

The revised Regional Economic Strategy has three strategic objectives. These are:

- Successful and competitive businesses
- Strong and inclusive communities
- An effective and confident region

The summary tables at the end of this Annex, showing total estimated expenditure, are indicative and based on broad assumptions from the RDA's current Corporate Plan and the revised RES. It is important to stress that they are subject to agreement of future Corporate Plans of the RDA.

The funding and planned activity is set out according to the three Strategic Objectives set out above and broken down by more specific themes.

Strategic Objective 1 – To raise business productivity

Theme 1 - Business Growth

A significant element of activity is the Business Links service for which the RDA took over responsibility in April 2005. The Business Links service is at the heart of current RDA policy to promote enterprise in the region together with support for social enterprise and the rural enterprise gateway.

There will be an ongoing emphasis on attracting and retaining foreign and domestic direct investment into the region and a greater prominence of the key 'enabling' technologies as priority sectors. These include aerospace and advanced engineering as well as environmental technologies.

Theme 2 – Skills and Learning

The RDA's priorities for skills and learning will be delivered through the SWESA (South West Enterprise and Skills Alliance) and the Regional Skills Strategy. Funding here includes specific provision for an education programme with schools to raise people's aspirations and skills for work as well as provision for key projects such as the Bournemouth Hotel School.

Theme 3 – Sites and Premises

The RDA will continue to ensure a steady supply of appropriate sites and premises for business, to support key sectors and to provide incubator units and science parks. Key to this will be a focussed effort on use of brownfield sites. The delivery of sites and premises will be led by identified demand from business, regeneration and innovation. Ensuring higher standards of sustainable construction will be a key priority for all physical development.

Theme 4 – Innovation

Activities will focus on supporting a knowledge based economy, undertaking key activities to encourage innovation in business and increasing the rate of knowledge transfer between further and higher education, public sector research establishments and business. A particular focus will be developing technologies to address climate change and energy generation. Funding has also been set aside for the development of the South West Science and Industry Council, Science City Bristol and the delivery of the DTI's Grant for Research and Development programme. There will also be funding for Incubators and Science Parks linked to priority areas (such as Bristol, Plymouth and Exeter).

Strategic Objective 2 – To increase economic inclusion

Theme 5 – Participation

Funding to increase participation in the economy, particularly in the region's most deprived urban communities to achieve lasting economic success. In urban areas, funding will focus on the priority areas of Gloucester, Swindon, Bournemouth and Torbay and the neighbourhood renewal areas of Bristol, Plymouth and West Cornwall up to 2009/10. In later years, participation activity will focus on developing skills, ensuring equality of access and strengthening the voluntary and community sector to act as a catalyst for local action.

Increasing participation in the rural economy will remain a priority for the RDA through to 2015/16 – as will ensuring support for the ageing population and migrant workers.

Theme 6 – Regeneration

The RDA will continue to invest a significant proportion of its budget in regeneration activity, particularly in the phases up to 2011/12. Investment activity under this theme is guided by the region's Sustainable Communities Plan – The Way Ahead, with focused efforts on the delivery of growth within key urban areas (Bristol, Swindon, Exeter, Plymouth and the 5 Cornish towns).

It is envisaged that there will be continued match funding for EU structural funds and their successors as well as funding to support the rural renaissance through to 2015/16. Funding for sustainable communities to support the work of the urban regeneration companies (in Swindon, Gloucester and Camborne-Pool-Redruth) also continues through to 2015/16. Funding will also be made available for delivering innovative schemes to increase affordable and sustainable social housing, in partnership with the Housing Corporation.

Strategic Objective 3 – to improve regional communications and partnership

Theme 7 – Regional Infrastructure

Activities under this category include support for improving the regions transport network as well as encouraging a competitive market for broadband communications. The key issues are to tackle peripherality, reduce congestion in main cities and towns and to improve access to UK and international markets. Funds have been earmarked for the Regional Infrastructure Fund.

Theme 8 – Investment Promotion

This theme includes activities to market the South West of England to promote business and tourism investment in the region. As well as an enhanced regional marketing campaign, there will be continued support for the delivery of the regional tourism strategy – Towards 2015. Also included is funding for specific marketing to maximise the opportunities for the region from London 2012. This remains a priority through to 2015/16.

Theme 9 – Regional Projects

Including support for environmental projects, technology development to increase resource efficiency and enhance key natural and cultural assets.

Theme 10 – Policy and Partnerships

Activities to encourage an integrated partnership approach to economic development, improving the effectiveness of advocacy at a national and international level, improving understanding of the region's economic, cultural, social and environmental conditions and co-ordination of the RDA's work on tourism, culture, media and sport (in terms of the Agency's lead role nationally). Within this there is funding for research to examine some of the core issues facing the region. Funding is also envisaged to support the Olympic events in Weymouth and Portland up to 2012/13 as well as continued funding for regional intelligence through the Regional Observatory.

The evidence base in support of the revised RES sets out some of the key challenges facing the South West ([SWRDA : South West of England Regional Development Agency](#)). In order to meet these challenges and ensure the economy of the region performs to its maximum potential, the revised RES highlights a number of key areas that need to work better. The summary of expenditure below sets out how the RDA will direct its resources to achieve its strategic aims for the region.

Summary of expenditure 2007/08 to 2009/10

	2007/08	2008/09	2009/10
	£,000	£,000	£,000
Strategic Objective 1			
Business Growth	26,413	27,514	31,003
Skills and Learning	11,114	11,962	13,294
Sites and Premises	12,641	8,168	12,750
Innovation	11,842	7,751	9,400
Sub total	62,010	55,395	66,447
Strategic Objective 2			
Participation	918	10,320	10,300
Regeneration	69,385	69,559	68,670
Sub total	70,303	79,879	78,970
Strategic Objective 3			
Regional Infrastructure	16,058	15,246	11,171
Investment promotion	2,911	2,500	2,000
Regional Projects	13,922	9,944	7,124
Policy and Partnerships	5,913	10,056	10,000
Sub total	38,804	37,746	30,295
Administration, AME, Equalities	18,549	18,843	19,147
Total Expenditure	189,666	191,863	194,859
Allocation	164,000	167,000	171,000
Receipts*	26,063	25,000	24,000
Headroom	397	137	141

* Estimate

Summary of expenditure 2010/11 to 2011/12

	2010/11	2011/12
	£,000	£,000
Strategic Objective 1		
Business Growth	32,700	32,700
Skills and Learning	12,400	13,400
Sites and Premises	9,000	10,000
Innovation	5,900	7,400
Sub total	60,000	63,500
Strategic Objective 2		
Participation	8,800	8,800
Regeneration	76,500	84,500
Sub total	85,300	93,300
Strategic Objective 3		
Regional Infrastructure	11,000	1,000
Investment promotion	3,000	4,000
Regional Projects	8,000	8,000
Policy and Partnerships	10,000	10,000
Sub total	32,000	23,000
Administration, AME, Equalities	19,461	19,784
Total Expenditure	196,761	199,584
Allocation	174,000	178,000
Receipts*	23,000	22,000
Headroom	239	416

* Estimate

Summary of expenditure 2012/13 to 2015/16

	2012/13 – 2015/16 (4 years) £,000
Strategic Objective 1	
Business Growth	159,350
Skills and Learning	53,600
Sites and Premises	40,000
Innovation	33,600
<hr/>	
Sub total	286,550
<hr/>	
Strategic Objective 2	
Participation	35,200
Regeneration	326,000
<hr/>	
Sub total	361,200
<hr/>	
Strategic Objective 3	
Regional Infrastructure	8,000
Investment promotion	15,000
Regional Projects	33,000
Policy and Partnerships	37,000
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Sub total	93,000
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Administration, AME, Equalities	82,561
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Total Expenditure	823,311
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Allocation	746,000
Receipts*	78,000
Headroom	689

* Estimate

Note: The RDA's proposed budget shows a small level of headroom in each year. This is deliberate to allow the RDA flexibility in its plans. As past records show, the RDA has demonstrated its ability to spend its budget in full.

Sensitivity analysis

Given a high scenario of 10% increased funding, the RDA proposes increased investment in its revenue programme to support the three economic 'drivers' of the revised RES. These are:

- Skills and Learning with specific focus on investment in basic skills and skills to enhance employability
- Innovation – focusing on increasing broadband width, coverage and take-up, and
- Environmental Projects – specifically to support the public and private sectors to ensure that all building developments in the region are completed to the highest environmental standards.

With a low scenario of a 10% decrease in funding, the RDA would have to make some difficult decisions and re-profile some of its planned activities its planned activities. As such, the contribution to the Regional Infrastructure Fund would be delayed and funding for regeneration and sustainable communities would be reprofiled.

Annex 4. Transport – Investment Priorities

The region's priorities for transport investment are to:

- develop **more sustainable patterns for transport**
- **support development and economic activity in strategically significant cities and towns**
- **improve the reliability and resilience of inter and intra regional connectivity**
- deliver **improved access to jobs and services**, including in rural areas, and
- deliver against **shared DFT/regional priorities**.

The RFA for transport focuses on major capital projects over £5 million. It does not cover roads of strategic national importance, or at present rail investment, important as these are. Nor does it cover smaller scale schemes, i.e. under £5m, funded through the integrated transport block for LAs and by the Highways Agency or schemes funded by developer contributions or maintenance. So a good range of the region's priorities, for example, reducing the need to travel, improving public transport or encouraging smarter choices in transport lie outside the RFA.

The region's strategy for delivering more sustainable patterns of transport will draw in large part on the Regional Spatial Strategy, aimed at reducing the trends of long distance commuting, providing a framework for better planning for transport at a local level, encouraging smarter choices including public transport and increasingly for demand management and possible investment from the Transport Innovation Fund. Likewise strategies for improving access to jobs and services, particularly in deprived neighbourhoods and in rural areas largely depend on flexible provision and small scale schemes, requiring relatively limited capital investment often depending on revenue support.

The RFA advice therefore aims to address the relative shortfall in capital investment in regional transport infrastructure over the past decade and more, based on evidence that this is a critical ingredient in improving the sustainable economic development of the South West.

Within this we have identified three groups of priorities for capital investment:

- i) support for **development and economic activity** in strategically significant towns and cities;
- ii) Improve the reliability and resilience of inter and intra regional **connectivity**; and
- iii) other key schemes which contribute strongly to **national/shared priorities** and/or are of particular **local significance**

Development and Economic Growth in Strategically Significant Towns and Cities

A number of the region's key cities have developed by making use of trunk roads to assist local distribution. An extreme example of this is the Greater Bristol area, but similar problems arise in Swindon, Cheltenham/Gloucester, Exeter, Bournemouth/Poole and Plymouth. And despite this there is significant congestion in many of these locations inhibiting the opportunities for growth and undermining a key regional objective of connectivity to the west of the region. Further, sustainable growth at these locations will require significant additional investment in transport infrastructure.

The region, through its Regional Spatial Strategy, has sought to ensure at sub regional level that its spatial planning for economic development and housing is fully integrated with transport plans to minimise investment needs and maximise sustainability. But there still remains a major need for capital investment. The Greater Bristol Strategic Transport Study has established the case for a 25 year programme of investment in the Bristol area. There are equivalent, smaller needs in other conurbations. Continuing work is needed before the full scale of the programme of investment and its priorities can be established. But the region's RFA priorities reflect a wish to focus priorities within the region towards investment of this kind.

Inter Regional Connectivity

Maintaining the reliability and resilience of connections between the main urban areas and London has been identified by a recent study undertaken by the RDA, as the most important factor affecting economic performance in the region. For example, economic performance declines markedly towards the South and West. The region is over dependent on a single arterial route (M4/M5) which is over loaded and vulnerable. The region has identified for a long time the priority need to develop a second strategic route into the region from London, along the A303. But there is also an important strategic need to maintain free flow conditions on the M4/M5 not least because of access into South Wales. The importance of the M4/M5 is recognised in that they are part of the HA's

national network and are funded nationally. And there is also a need to improve links from the South East of the region towards Southampton/Portsmouth on the A31, and between the Midlands and Swindon/the South Coast on the A417/419.

Other Priorities

Much of the region's population, and economic activity, is located in smaller towns and cities, which still nevertheless encounter transport problems with congestion and severe problems of connectivity. The region therefore needs to maintain a programme of improvements to its infrastructure in communities of this kind, particularly where schemes address 'shared priorities'. The RTS states that connections between the majority of these settlements should be managed in order to ensure reliable journey times.

The region also has a number of requirements for transport investment which while important to the economic and social future of particular localities aren't regionally significant. An example would be the surface link to the Isles of Scilly. It is important that critical schemes of this kind can be prioritised for delivery in the region as well as schemes which will have broad impact on the region.

Prioritisation

Against this background the region has developed a methodology for prioritising transport investment in the South West which takes account of:

- Contributions to growth priorities in the Regional Spatial Strategy
- Contributions to connectivity
- Benefits for DFT/shared priorities including environmental impact
- Value for money
- Deliverability
- Affordability
- Potential for developer contribution

The results of this prioritisation are set out in the attached tables:

Table 1 identifies those schemes where the region has concluded that there is a strong case for inclusion within an RFA programme to 2016;

Table 2A lists schemes in alphabetical order which require further work but where there appears, on current evidence, to be a likelihood that the region would want to include them in a programme.

Table 2B gives an **illustrative** profile for this expenditure which is indicative only. In addition, these schemes need to be assessed in the light of affordability, deliverability and environmental impact. All will also need to be subject to statutory procedures. As a result, the region would like to take the opportunity of providing further advice later this year in the run up to CSR 07. The Region accepts that there is a degree of over programming (26% to 2016) in this table but considers this can be accommodated within the RFA budget because:

- Local authorities will continue to negotiate with developers to maximise their contributions to this infrastructure where it is linked to specific development proposals thus reducing their call on the RFA.
- The development of the Regional Infrastructure Fund (with additional contributions from the Economic Development block), will provide an additional source of funds over that identified in the RFA;
- The region considers that it may be possible to review and reduce the cost of some of these schemes and finally
- The timing of some of these schemes may slip into later years reducing the potential overspend;

Table 3 identifies a range of projects which may well prove to be longer term priorities for the region but which are, at present either under developed or not sufficiently focussed on top level priorities to be included in the proposed RFA programme to 2016:

- projects associated with the second strategic route. The region would like to prioritise a start to the second strategic route work within the lifetime of the RFA and will want to reflect on its delivery when the outcome of the reviews below are known.. A decision on this is complicated by referral of the Stonehenge scheme for further review. The outcome of this review may have implications for the later years of the RFA if there is a call on funds to help deliver this

important scheme. Furthermore the Highways Agency proposals for a scheme on the A358/A303 Ilminster Bypass are particularly lumpy and difficult to accommodate within the RFA structure. The region would like to see the A358 scheme revisited to explore options for it being delivered in stages. The funds identified for this scheme (and the Ilminster Bypass) has been reduced as a result. Depending on the decision on Stonehenge, the region would want to see a start made on either the Stonehenge section of the route, or part of the A358, within the RFA period. As a result the Region would look for the inclusion of the A358 (including the Ilminster Bypass) in the TPI;

- Schemes where the degree of work done at present does not allow a confident judgement on the value of the schemes or whether they could be delivered within the RFA period but which the region would want to include in the later part of the RFA programme in the light of further work;
- Longer term schemes which are unlikely to be ready for delivery within the RFA period but on which preparatory work should begin to for potential delivery in the period beyond 2016;
- Schemes which, in themselves represent sensible transport aspirations, and are potentially being available for relatively early delivery, but do not score sufficiently highly against regional priorities to be included in the RFA programme to 2016;
- Smaller scale projects which are essentially local, rather than regional and strategic, in their benefits which should be assessed separately against a provision of funding for smaller scale schemes.
- The region recognises the need for an improvement at A417 Cowley-Brockworth (Air Balloon) but would like the Highways Agency to examine the possibility of a lower cost solution given its current high cost.

Local Schemes

The region would like to reserve a relatively small amount of the RFA, around £40m, for schemes of essentially of more local importance which do not necessarily score highly against regional or strategic criteria. The region would want to develop with DfT a separate arrangement for allocating these funds. An early possible contender might be the surface link to the Isles of Scilly.

Another scheme of this kind has emerged very recently as a result of MOD decisions on the future of RAF St Mawgan – the continued civilian use of Newquay airport in Cornwall. There is a need to commit investment funds to this project in advance of the start of the RFA process, critically in 2006/07. This project needs to be considered in addition to schemes submitted as part of LTP2.

Stonehenge and 2012 Events at Weymouth

The region has two areas of concern where schemes are contributing to national priorities. The first is at Stonehenge, where a significant element of the potential cost of any scheme is likely to reflect national and international heritage considerations, rather than transportation considerations. The second is at Weymouth where the relief road will help reduce the congestion likely to arise during the 2012 Olympics. The scheme was not identified by 'London 2012' as an essential piece of infrastructure in its bid to the IOC. The region would therefore like to explore further with DfT/DCMS an appropriate sharing of funding between regional and national allocations, to realise schemes of this kind.

Rail

The initial guidance on RFAs suggested a restricted relevance to the rail agenda. However the department has indicated a potential for increasing the engagement of the RFA discussions with rail issues in the future. The region has a number of priorities for improving its rail infrastructure which it would want to be able to explore with DfT in the context of relatively priorities for investment in transport. High priorities are:

- a. Safeguarding the reliability and journey time of express services into the region from Paddington;
- b. Enhancing the cross city heavy rail commuter services in the Greater Bristol area, as suggested in the Greater Bristol Strategic Transport Study;
- c. Improving services between Waterloo and Exeter with the delivery of modest passing loops to allow more frequent/faster services.

The Region accepts that the funding these schemes from the RFA would mean other priorities would then not be delivered, as a result the region would like to continue to press for their implementation through active engagement with the rail industry.

2006 decisions on projects

1. The Region would ask that the Secretary of State gives scheme entry to the following schemes which have submitted full appraisals:
 - the Greater Bristol Bus Network,
 - Taunton Third Way & Northern Inner Distributor Road and
 - Integrated Transport at Elmbridge Court in Gloucester.
2. The Region would ask that early approval, subject to detailed appraisal, to both the Isles of Scilly sea link and the infrastructure required to support a civilian license at Newquay Airport in view of the time critical nature of these interventions.
3. The Region would ask that the Secretary of State to agree that the remaining interventions in Table 1 are appropriate priorities for the region and Local Authorities are encouraged to continue to develop these schemes (including submission of detailed appraisals) which would allow their delivery to the timescales indicated.
4. The Region would ask that the improvement to the A358/A303 Ilminster Bypass be included in the TPI (with the associated need to trunk this route).

Sensitivity Analysis

The impacts of a 10% cut would be slower delivery of the transport programme. The impact of slower delivery would be less effective development of improved access to markets (and jobs and services) and less effective tackling of congestion. The knock on effect would be less effective economic performance, worse environmental/ living conditions, lack of availability of new employment/ housing sites at the ideal places leading to pressure for more housing at the wrong places, increased use of trunk roads for local traffic in the absence of alternatives.

The Region is aware that Bristol, Exeter and Torbay have made bids for TIF funding linked to the introduction of significant demand management measures. These initiatives are supported not only because they might provide additional flexibility in the programme but also as leading examples of how to reduce reliance on the private car while growing public transport.

With 10% more funding the degree of overspend would be reduced and the entire programme will be more deliverable. In addition the region would like to consider the potential for using any additional funds that might be available to deliver some of the rail priorities identified above.

Blunsdon Bypass: This scheme has recently been subject to a short public inquiry and the HA anticipate that early approval of the Orders may result in the scheme starting sooner than anticipated. If this is possible the HA have indicated that the call on the RFA in 2007/08 of over £40m may reduce, albeit with significant expenditure in 2006/07. Any reduction in expenditure in this year will allow the earlier deliver of those schemes in Table 1 that have been deferred by one year.