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1 *NON TECHNICAL SUMMARY*

1.1 *THE SA/SEA OF THE SOUTH EAST REGIONAL ECONOMIC STRATEGY*

The Regional Economic Strategy for the South East (RES) has been prepared by the South East of England Regional Development Agency (SEEDA), the statutory body charged with overseeing the economic development of the region.

As part of the process of developing the South East RES, SEEDA commissioned Environmental Resources Management (ERM) to undertake a Strategic Environmental Assessment/Sustainability Appraisal (SA/SEA) of the Strategy ⁽¹⁾.

This report is the Non-Technical Summary of the SA/SEA Report on the RES issued in October 2006. That report is available on SEEDA's website.

This Appraisal has been based on the RES issued by SEEDA in October 2006. The appraisal of alternatives has been carried out based on the option scenarios presented in the SEEDA report 'Sustaining Success in a Prosperous Region: Economic Implications of the South East Plan' published in March 2005, prepared by Deloitte. It has also drawn on the Evidence Base for the RES produced by SEEDA

The Appraisal has followed an iterative process, providing an independent view of the likely implications of proposals and policies which have then been taken into consideration throughout the development of the South East Regional Economic Strategy. The findings of this Appraisal, along with the responses received through the public consultation, have been used to inform the development and refinement of the RES prior to its submission to the Government.

1.2 *ENVIRONMENTAL REPORT*

In line with Government guidance, this Appraisal aimed to meet the requirements of Strategic Environmental Assessment (SEA) within the wider remit of a Sustainability Appraisal, thereby covering economic, social and environmental issues in an integrated way. This report, therefore, does not contain a separate Environmental Report dealing with issues pertaining solely to an SEA.

In the absence of a stand-alone Environmental Report, guidance suggests that a Table should be included in the Sustainability Appraisal Report signposting

(1) For the purposes of this Report, the Strategic Environmental Assessment/Sustainability Appraisal process will be known as the SA/SEA or the 'Sustainability Appraisal' (or simply 'Appraisal').

the components of the report which would make up the Environmental Report, this is presented in *Table 1.1* below:

Table 1.1 *Environmental Report Key Components*

Key Components	Report Location
The Environmental Report will detail the likely significant effects on the environment of implementing the plan or programme, and reasonable alternatives taking into account the objectives and geographical scope of the plan or programme, are identified, described and evaluated. The information to be given is (Art. 5 and Annex I):	The information required of an Environmental Report will be provided in each report of the Sustainability Appraisal
a) An outline of the contents, main objectives of the plan or programme, and relationship with other relevant plans and programmes;	Scoping Report and Annex B of the Sustainability Appraisal Reports
b) The relevant aspects of the current state of the environment and the likely evolution thereof without implementation of the plan or programme;	Scoping Report and Annex A of the Sustainability Appraisal Reports
c) The environmental characteristics of areas likely to be significantly affected;	Scoping Report and Annex B of the Sustainability Appraisal Reports - Section 4 of this report
d) Any existing environmental problems which are relevant to the plan or programme including, in particular, those relating to any areas of a particular environmental importance, such as areas designated pursuant to Directives 79/409/EEC and 92/43/EEC.;	Scoping Report and Annex B of the Sustainability Appraisal Reports
e) The environmental protection objectives, established at international, Community or national level, which are relevant to the plan or programme and the way those objectives and any environmental, considerations have been taken into account during its preparation;	Scoping Report and Annex A of the Sustainability Appraisal Reports
f) The likely significant effects on the environment, including on issues such as biodiversity, population, human health, fauna, flora, soil, water, air, climatic factors, material assets, cultural heritage including architectural and archaeological heritage, landscape and the interrelationship between the above factors. (Footnote: These effects should include secondary, cumulative, synergistic, short, medium and long-term permanent and temporary, positive and negative effects);	Scoping Report and Sustainability Appraisal Reports - Sections 4.6 and 4.8 of this report
g) The measures envisaged to prevent, reduce and as fully as possible offset any significant adverse effects on the environment of implementing the plan or programme;	Sustainability Appraisal Reports - Section 4.9 of this report.
h) An outline of the reasons for selecting the alternatives dealt with, and a description of how the assessment was undertaken including any difficulties (such as technical deficiencies or lack of know-how) encountered in compiling the required information;	Sustainability Appraisal Reports and Section 4 of this report
i) a description of measures envisaged concerning monitoring in accordance with Art. 10;	Sustainability Appraisal Reports and Section 5 of this report

j) a non-technical summary of the information provided under the above headings	The SEEDA website
The report must include the information that may reasonably be required taking into account current knowledge and methods of assessment, the contents and level of detail in the plan or programme, its stage in the decision-making process and the extent to which certain matters are more appropriately assessed at different levels in that process to avoid duplication of the assessment (Art. 5.2)	

Readers should refer to the SA/SEA Report on SEEDA's website for more information on the Environmental Report.

2.1 THE SOUTH EAST RES

2.1.1 What is the South East Regional Economic Strategy?

The South East Regional Economic Strategy (RES) has been prepared by SEEDA, the Regional Development Agency for the South East of England.

In accordance with Section 3 of DTI Guidance to RDA on Regional Strategies:

'The Regional Economic Strategy must have a clear focus on economic development but the Strategy and action to implement it must be based on the principle of sustainable development. The RES should include a full sustainability appraisal, informed by the Regional Sustainable Development Framework or the equivalent in the region, in order to identify the contribution that it will make to sustainable development, including showing how it will foster:

- *high and stable levels of economic growth and employment;*
- *social progress which recognises the needs of everyone (including all social and ethnic groups);*
- *effective protection of the environment and prudent use of natural resources; and*
- *integration of economic, social and environmental objectives which will contribute to the development of sustainable communities'.*

2.2 WHAT DOES THE RES DO?

The Regional Development Agencies (RDAs) have been provided with guidance from the DTI as to what the objectives and scope of a RES should be, this states that:

'The fundamental purpose of the RES is to improve economic performance and enhance the region's competitiveness, addressing market failures which prevent sustainable economic development, regeneration and business growth in the region'

Whilst the primary objective of the RES is economic in focus, the Guidance notes the requirements for such economic development to be sustainable and to align with the Regional Sustainable Development Framework, which underpins all regional strategies.

The primary vision of the RES is that by 2016 *'the South East will be a world class region achieving sustainable prosperity'*. Sustainable prosperity is defined within the region as one which:

- Builds on excellence and plays to its strengths;
- Invests in potential across the region and reduces under-performance;
- Safeguards quality of life as a competitive advantage.

The RES identifies 6 key drivers through which such prosperity will be achieved, these being:

- Employment
- Enterprise
- Innovation and creativity
- Skills
- Competition and business regulation
- Investment in infrastructure

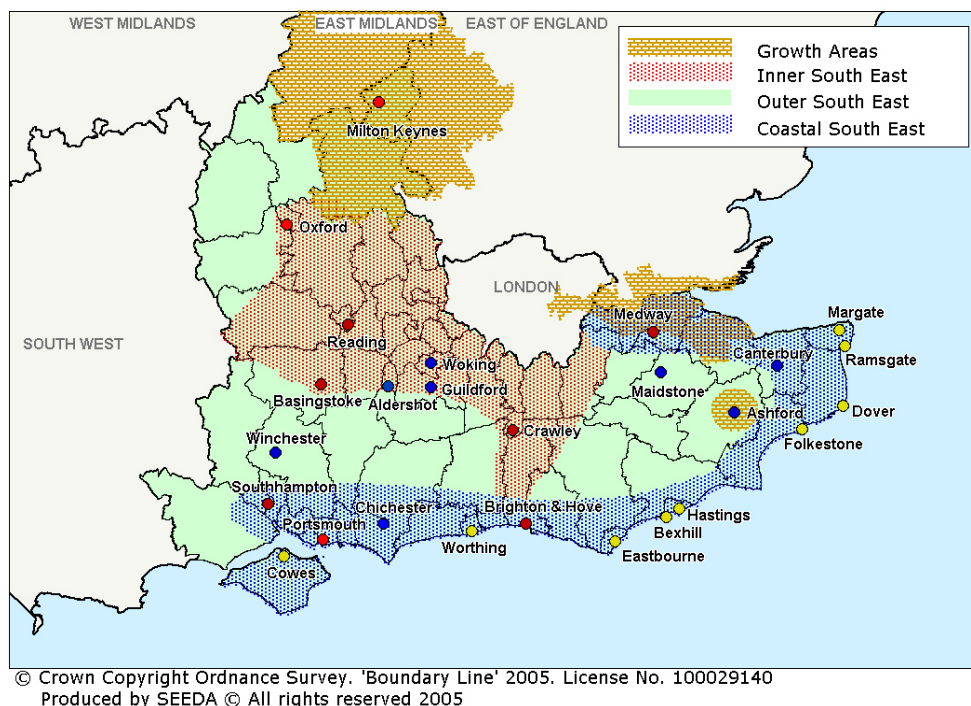
Through each of these drivers, the RES identifies key objectives and actions which will have to be completed to fulfil these objectives.

The RES is a region-wide strategy for economic development. Integral to this, however, is recognition of the socio-economic disparities which exist within the region. Three key areas have been identified, as presented in *Figure 2.1*, these being: the Inner South East, Outer South East and Coastal South East. Specific issues are raised in relation to these areas, within the context of the wider framework of the RES.

- The Inner South East: tackling the pockets of deprivation which exist; investment in infrastructure and maintaining the high quality environment
- The Rural South East: addressing the need to harness quality of life as a source of competitive advantage; reconfiguring rural towns as economic hubs or centres and addressing deprivation through better access
- The Coastal South East: using the urban settlements as a focus for economic development; and reinvigorating the coastal towns

In identifying these three areas, the RES addresses the particular issues which arise in relation to the primary objectives of the RES and the tasks required to deliver them in these three zones. The RES offers a framework through which its vision of sustainable prosperity will be delivered region-wide by ensuring the three zones are targeted individually, in terms of their specific needs.

Figure 2.1 Economic Zones within the RES



2.4 COMMITMENT TO SUSTAINABLE DEVELOPMENT

Underpinning the strategy and embedded within the 6 key drivers, applicable across the zones, is the commitment to sustainable development. The RES notes that *'Regional economic prosperity must be secured within the context of sustainable development principles. The Integrated Regional Framework provides a reference point for testing this, as does the UK Sustainable Development Strategy 'Securing the Future'*.

The document outlines how it seeks to address the issues raised under the four key strands of *'Securing Our Future'*, demonstrating its commitment to addressing and delivering sustainable development. This relationship is summarised in *Table 2.1*.

Table 2.1 *Priorities Under Securing Our Future and the RES*

Securing Our Future - Priorities	RES Approach and Key Issues
Sustainable Consumption and Production	Boosting competitiveness and minimising waste. The region's strong research base and good representation of businesses in both the product design and environmental technology sectors provide a good foundation for making progress in this area.
Climate change and energy	Acknowledging the importance of the issue of climate change for the region; minimising the region's contribution to and creating adaptation measures for it. Addressing the potential energy gap for the region and both creating and marketing innovative solutions to future energy provision
Natural Resource Protection and Environmental Enhancement	Recognising that ' <i>the quality of the natural and built environment, together with the region's outstanding cultural assets, is a major element in the quality of life in the South East</i> '; capitalising upon the value which the environment has in attracting businesses to the region; recognising the issue of water resources and the need for careful planning
Sustainable Communities	Acknowledging that poverty coexists alongside economic wealth; addressing the need for equality and the disadvantages which sections of society encounter; emphasising the importance of addressing health. There is recognition of the importance of the community and voluntary sector within the region.

2.5 **SUSTAINABILITY APPRAISAL**

2.5.1 *What is Sustainability Appraisal?*

This Appraisal aims to predict and assess the economic, social and environmental effects which are likely to arise from the South East RES. The Appraisal, therefore, integrates two processes:

- *Sustainability Appraisal (SA)*, a process for understanding whether policies, strategies or plans promote sustainable development, and for improving those policies etc to deliver more sustainable outcomes.
- *Strategic Environmental Assessment (SEA)*, a process for assessing and mitigating the negative environmental impacts of specific plans and programmes. SEA is required for Regional Spatial Strategies under EU Directive 2001/42, transposed into English law by the *Environmental Assessment of Plans and Programmes Regulations 2004*.

The Appraisal process has been designed to meet the statutory requirements applying to both SA and SEA, as set out in official guidance provided by the

Government. In particular, the appraisal process has been developed with reference to the ODPM Consultation Paper on *Sustainability Appraisal of Regional Spatial Strategies and Local Development Frameworks* (September 2004) and ODPM's 'A Practical Guide to the Strategic Environmental Assessment Directive' published in September 2005.

In accordance with best practice and after consultation with the Steering Group, this Appraisal has also taken into account the key proofing guidance in respect of Health Impact Assessment (HIA) ⁽¹⁾, Rural Proofing ⁽²⁾, 'age proofing' ⁽³⁾ and 'future proofing' ⁽⁴⁾. The Appraisal has also reviewed the RES from an Equalities perspective.

Assessment of Cumulative Impacts

Assessment of cumulative impacts is a key component of SA/SEA. The Appraisal team has developed a cumulative impact assessment of the RES with the assistance of SEEDA and the SA/SEA Steering Group. This assessment is presented in the Final Sustainability Appraisal Report.

2.5.2 *The Appraisal Team*

This appraisal has carried out by Environmental Resources Management (ERM) on behalf of SEEDA.

To assist the SA process, SEEDA established a Steering Group to assist in undertaking of the SA/SEA of the RES. The Steering Group included representatives of regional stakeholders, including Statutory Agencies.

2.5.3 *What Difference Has the Appraisal Made?*

Sections 2.6.5 and 2.6.6 of the SA report set out the ways in which the SA has influenced the RES and the process which has been carried out in terms of interactive appraisal of the RES.

2.6 *CONSULTATION REPONSES ON THE SUSTAINABILITY APPRAISAL*

As part of the overall consultation on the RES, consultation responses have been received which relate specifically to the Sustainability Appraisal.

(1) HIA is a decision-making tool that takes account of the potential effects of a proposal on the health of its target population. It aims to improve the health of communities and individuals; reduce health inequalities, work toward sustainable development; promote fairness and equality for all, target disadvantaged and marginalized groups; and encourage participation of all affected.

(2) Rural Proofing is a commitment by the Government to ensure that all its domestic policies take account of rural circumstances and needs. This means that as policies are developed, policy makers should systematically consider whether their policy is likely to have a different impact in rural areas, because of rural circumstances and needs; assess the significant impacts; adjust the policy where necessary with solutions to meet rural needs and circumstances.

(3) An Age Proofing toolkit is being published by Age Concern, amongst others, to ensure that the potential effects of a proposal, policy or framework on the older/elderly sections of the community; recognising the growing, ageing characteristic of the population.

(4) Future Proofing is a process, which seeks to ensure that the policy development process has taken full account of potential longer-term change. It is designed to make plans more aware of opportunities, provide early notice of new challenges, help them manage change and manage risk.

The SA Report contains a detailed analysis of the Consultation Responses received on the SA/SEA Report.

3 *APPRAISAL SCOPE*

3.1 *INTRODUCTION*

In establishing a clear scope for the Sustainability Appraisal of the RES, and in compliance with statutory requirements, it was first necessary to review and develop an understanding of:

- 1 possible appraisal objectives;
- 2 other plans, policies and strategies of relevance to the RES;
- 3 baseline information on environmental, social and economic conditions in the region; and
- 4 significant sustainability issues facing the region.

3.2 *CORE SUSTAINABILITY OBJECTIVES – THE INTEGRATED REGIONAL FRAMEWORK*

The Integrated Regional Framework (IRF) for South East England establishes a shared regional vision of sustainable development, and a set of objectives, indicators and targets that map out how the region should deliver economic development that benefits people and protects and improves the environment. The IRF has also been developed by a working group of key regional partners, including the Regional Assembly, Government Office for the South East, SEEDA and others.

It was agreed by the Steering Group and Appraisal team that the IRF, therefore, provided the key set of objectives to inform the Sustainability Appraisal.

During the course of the consultations on the reports of the SA respondents did, however, make suggestions as to how the IRF objectives and second level objectives which stemmed from these could be expanded upon. These comments have been incorporated into the objectives; the current list of appraisal objectives reflects these comments.

Full details of the Appraisal Framework are provided in the SA/SEA Report.

3.3 *LINKS TO OTHER PLANS, POLICIES AND STRATEGIES*

An analysis of the links between the RES and other plans, policies and strategies as required by the SEA regulations has been carried out. Full details of this are provided in Annex A of the SA/SEA Report.

3.4

BASILINE INFORMATION

A detailed review of data on baseline environmental, social and economic conditions within the region has been carried out and is presented in Annex B of the SA/SEA Report.

4.1 INTRODUCTION

This section of the SA/SEA report focuses on one of the key components of the appraisal process, the appraisal of alternatives and the key findings of that appraisal.

4.2 APPRAISAL OF ALTERNATIVES

The assessment of alternatives is a key requirement of both the SEA Directive and the UK Government's Guidance. In the case of the RES for the South East, we have taken as alternatives four different scenarios of the likely growth of the South East economy, as presented in 'Sustaining Success in a Prosperous Region: Economic Implications of the South East Plan' published by SEEDA in March 2005.

The key characteristics of each of the scenarios are summarised in *Box 4.1* below.

Box 4.1 Economic Scenarios

-
- **The baseline** – the rate of productivity growth in the baseline (2.27% per annum), is slightly lower than the recent trend of 2.32% per annum, and reflects structural changes in the region's economy away from manufacturing to services (which record measurably lower productivity rates). Even at a level of 2.27% p.a, this translates into an overall increase in productivity from £39,000 per worker in 2005 to £62,500 per worker by 2026 (at constant prices). Employment growth projections in this scenario assume that economic activity rates will rise to bring an additional 50,000 residents into employment. This implies an increase in economic activity rates from 83% (already the highest in the UK) to 85%.
-
- **Scenario 1** – this scenario reflects what might be achieved through additional regional efforts in terms of enhancing productivity and economic activity. It assumes that concentrated action on research and development, innovation and productivity maintains that current average yearly productivity improvement despite the structural shift towards service sectors. It also assumes that all those who are economically inactive but relatively well skilled and ready to return to work (65,000 existing residents in total) are brought back into employment in the South East.
-

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- **Scenario 2** – this is at the upper limit of what could conceivably be achieved with significant investment, concentrated action by all relevant partners, and with major innovations in public policy. Over the course of the Plan period, productivity growth progressively improves by an average additional 5% (of the projected trend) per annum, implying that the South East becomes one of the most productive regions in Europe by 2026. The aggregate productivity growth under this scenario would be 2.39% per annum.

To put this scenario in a more regional context, if every sector in Kent, the Isle of Wight and East Sussex (the lagging areas of the South East in terms of productivity) were to catch up and match the region's average productivity levels by 2026, the additional average annual growth in productivity would be around 5% - similar to the levels assumed under this scenario

In addition, major efforts to bring more challenging groups of economically inactive residents into employment area assumed to succeed under this scenario, with a total of 265,000 additional residents finding employment, Specifically:

- the number inactive due to childcare or other care commitments would fall be one third from 295,000 to 190,000;
- the number inactive due to long-term sickness or disability would halve for 160,000 to 80,000;
- The number inactive due to early retirement would fall slightly from 75,000 to 60,000; and
- the only other group remaining significantly economically inactive would be full-time students.

This implies lifting the region's overall economic activity rate to almost 90%, a rate never yet achieved in any regional economy, and significantly higher than anything yet achieved in any part of the South East.

This is a challenging target to achieve, where all who would like to work but currently cannot work (e.g. due to childcare commitments or long-term illness etc.) are assisted to enter the labour market. Again, for context, if all parts of the region were to increase economic activity rates to match the highest current rate (i.e. Berkshire), this would deliver less than half the overall improvements in economic activity assumed under this scenario.

-
- **2% Growth Scenario** – Modelling the effects of lower growth demonstrated that there is a clear choice between sustainable growth and decline. For instance, if growth in GVA was constrained to an average of 2% per annum over the Plan period:
 - The region would generate £43 billion (constant prices) less GVA per annum by 2026, compared to the 3% growth scenario (i.e. GVA of £206 billion instead of £249 billion in 2026). In total, over the Plan period, the region would generate £400 billion less GVA (constant prices) under the 2% growth scenario;
 - Employment growth would shrink to 113,000 over the Plan period (compared with a growth of 805,000 jobs under the 3% growth scenario); and
 - Given the projected growth in the economically active population, this would imply an unemployment rate of 7% (roughly 400,000 residents unemployed) by 2026, compared to around 2% unemployed under the 3% growth scenario.

Source: Sustaining Success in a Prosperous Region: Economic implications of the South East Plan (SEEDA 2005)

Table 4.1 below summarises the key factors affecting achievement of GVA growth of 3% per annum.

Table 4.1 *Achieving 3% per annum GVA Growth to 2026*

	The baseline – based on the draft South East Plan figures	Scenario 1 – maintaining historic productivity growth and reducing economic inactivity by 65,000	Scenario 2-5% pa additional productivity growth and reducing economic inactivity by 265,000
Annual productivity growth(%)	2.27 (historic trend 2.32)	2.32	2.39
Total Full Time Equivalent (FTA) employment growth	805,000	772,000	712,000
Labour shortfall – with a build rate of 25,500 per annum	381,000	336,000	155,000
Labour shortfall – with a build rate of 28,000 per annum	339,000	294,000	113,000
Labour shortfall – with a build rate of 32,000 per annum	273,000	227,000	46,000
Dwellings required for a balanced labour market under each scenario	48,000	45,500	34,800

4.3 APPRAISAL FINDINGS

The Appraisal considers how the RES ‘performs’ against the IRF’s Objectives and associated appraisal questions, assigning a ‘score’ to each question.

The scoring framework used in undertaking the Assessment is outlined in Figure 4.1 below:

Figure 4.1 *Scoring Framework for the Assessment*

✓✓	Clear Strong positive impacts
✓	Overall impact likely to be positive
✓/x	Overall impact mixed
?	Overall impact unclear
0	Overall impact neutral
x	Overall impact likely to be negative
xx	Clear, strong negative impacts
**	Not addressed, but likely to be important
N/A	Not applicable

The detailed Assessment matrices are provided in Annex C of the SA Report. The matrices outline how the RES has performed against the appraisal

questions, assessing the likely impact of the RES in relation to each objective and question and assigning a score as per the scoring framework noted above.

Set out below is a brief summary of key points arising from the appraisal of the RES. Our assessment of the RES has taken account of the specific policies and actions in the RES.

There is clearly a strong link between the Draft South East Plan and the RES. Where appropriate the assessment has taken these links, potential and actual, into account.

In assessing the four scenarios we have made a few basic assumptions:

- That economic growth can be achieved in a more sustainable manner;
- That economic growth does not automatically signify environmental damage or reduced environmental quality;
- That higher levels of growth provide resources and stimuli that are likely to help to deliver more sustainable growth more effectively and at a faster rate;
- That higher levels of growth will tackle issues of deprivation, intra-regional equality and social and economic exclusion more effectively; and
- The ‘managed decline’ of the economy is not an option i.e. the South East will be encouraged to maintain its position within the UK economy.

IRF Objective	Likely Impact	Conclusions
1. To ensure that everyone has the opportunity to live in a decent, sustainable constructed and affordable home	✓/*	<p>As the RES notes ‘the region is characterised by high demand and inelastic supply, with household growth in the South East Exceeding house building rates... . The problems of house prices and of a lack of affordable housing have been widely publicised. The research and analysis carried out within the region in the context of the South East Plan has highlighted that at the proposed rate of supply set out in the Plan it is unlikely that current issues relating to affordability will be resolved. The targeted completion rates for affordable housing represent a considerable increase in terms of current completion rates and there is considerable doubt that they will be met’.</p> <p>There are also concerns that the rate of housing supply does not correspond to real need and is at odds to the likely levels of demand that would be generated by the growth scenarios in the RES.</p> <p>In terms of the existing housing stock in the region, there are concerns over the resource efficiency of much of this and the intention spelt out in the RES to develop and implement a strategy to upgrade existing private sector housing is a positive step. It</p>

IRF Objective	Likely Impact	Conclusions
		<p>will require close coordination with the South East Plan and will also require significant levels of funding to achieve meaningful impact.</p> <p>Target 9 of the RES on physical development focuses on this issue.</p> <p>Without a significant improvement in the performance of existing housing any gains made from new housing in the region will be significantly diminished and stabilising, let-alone reducing, the region's ecological footprint appears difficult.</p> <p>The RES will need to work with the South East Plan on issues to do with this IRF objective. There will be value in joint or complementary actions addressing this objective. The South East Plan's Implementation Plan contains actions relating to this IRF objective.</p>
<p>2. To reduce the risk of flooding and the resulting detriment to public well-being, the economy and the environment</p>	<p>0</p>	<p>The RES recognises that the 'region is affected by a range of flooding issues - tidal, rivers and groundwater. Over 200,000 existing houses and workplaces are in areas of high flood risk'.</p> <p>It is important that the economic development of the region does not increase the risk of flooding and of the human, economic and environmental losses associated with it. This will require regional partners including SEEDA to work closely with the Environment Agency and also to act in accordance with the relevant policies in the South East Plan. The potential impacts, if any, of the RES should be managed via LDF policies on the location of economic development which should follow PPS25.</p>
<p>3. To improve the health and wellbeing of the population and reduce inequalities in health</p>	<p>✓</p>	<p>The RES recognises the importance of tackling the social determinants of health and 'the business targets in developing a healthy workforce and workplace'.</p> <p>Health is recognised as a key issue for the region in connection with a number of issues such as the impacts of an ageing population, the links between poor health status and economic participation and the links between social, economic and environmental exclusion and economic deprivation. The RES notes that - 'Health is a key dimension of disadvantage'. The region's most disadvantaged areas, where unemployment is highest, often feature higher than average ill health and mortality. Initiatives which target worklessness will also lead to higher standards of living and other factors which influence quality of life. As well as being a route out of poverty and benefit dependency, employment and training programmes can lead to a healthier lifestyle. There are business benefits in</p>

IRF Objective	Likely Impact	Conclusions
		developing a healthy and skilled local workforce and a better workplace environment, reducing absence through illness and improving efficiency and productivity.'
4. To reduce poverty and social exclusion, and close the gap between the most deprived areas in the South East and the rest of the region	✓✓	This is one of the principal objectives of the RES which seeks to address the barriers to economic participation. It is also focused on the spatial distribution of poverty and exclusion within the region and seeks to address the specific needs and potential of more deprived sub-regions such as some of the coastal areas of the South East.
5. To raise educational levels across the region and develop the opportunities for everyone to acquire the skills needed to find and remain in work	✓	<p>The RES contains a number of actions aimed at raising educational and skills levels across the region. It promotes this idea of a Regional Skills Escalator and also the need for whole life learning and actions targeted at the ageing population of the region.</p> <p>The need to improve skills is embedded into a number of actions throughout the strategy.</p>
6. To reduce crime and the fear of crime	N/A	Whilst fear of crime is an issue of significance for the region's residents it is not an issue that is especially linked to the RES. There is a link between reduction in deprivation and worklessness which could in turn reduce levels of some types of crime.
7. To create and sustain vibrant communities	✓	<p>Quality of life and sustainable prosperity are both key components of the RES. A wide range of actions are proposed to assist the region conserve and enhance its quality of life for residents and businesses. The RES (in co-ordination with the South East Plan) also targets the regeneration of communities.</p> <p>Target 9 of the RES aims to contribute to this IRF objective.</p>
8. To improve accessibility to all services and facilities	✓	<p>The RES recognises that the region needs substantial economic investment in infrastructure if it's to continue to grow and to perform. It also recognises the potential negative impacts from failing to obtain appropriate scale of funding and speed of delivery of infrastructure. The RES and the South East Plan must pursue and integrated approach to the delivery of infrastructure – this must help to reduce congestion which has an impact on accessibility. It should also make significant improvements to access via public transport.</p> <p>Here too it will need to work jointly with the Implementation Plan of the South East Plan.</p>

IRF Objective	Likely Impact	Conclusions
9. To encourage increased engagement in cultural activity across all sections of the community in the South East	✓	The RES recognises the importance of cultural activities to sustainable prosperity and to quality of life. It also recognises the economic significance of the region's cultural assets and the role that these play in making the region a 'leader' and their role in attracting investment and people.
10. To improve efficiency in land use through the re-use of previously developed land and existing materials from buildings, and encourage urban renaissance	✓	The RES is keen that the region's performance on the re-use of PDL is maintained and that planning authorities are able to make the best use of the resources of PDL in the region.
11. To reduce air pollution and ensure air quality continues to improve	✘	<p>Whilst the RES recognises the need to tackle pollution, especially from transport it is difficult to see how the RES will lead to any reduction in our pollution without a massive investment in public transport and a similarly significant shift in behaviour. The current policy and funding framework in the UK does not appear conducive to the scale of change required.</p> <p>The RES is aware of these issues - especially the need for the region to attract funds for significant investment in transport infrastructure, especially Public Transport. This is another area where joint working the Assembly on the Synergies with the South East Plan will be critical.</p>
12. To address the causes of climate change through reducing emissions of greenhouse gases and ensure that the South East is prepared for its impacts	✘	<p>The RES notes that 'while striving to avoid future climate change through mitigation measures, we must recognise that some climate change is unavoidable and to plan for adaptation. Climate risks and costs need to be incorporated into business decision making and policy making. Whilst inevitably there are some uncertainties over the degree and pace of climate change, proper forward planning will generate costs savings, reduce exposure to risk and losses, enhance reputation, improve regulatory relationships and increase opportunities for market leadership'.</p> <p>It is important the RES highlights the opportunities arising from climate change and also that it is very much a business and competitiveness issues as well as a sustainable development one.</p> <p>The RES sets a target for the reduction of greenhouse gases in line with government targets. It is also seeking to stabilise and then reduce its ecological footprint, this too will require a concerted effort to reduce greenhouse gas emissions significantly. Whilst the RES proposes a wide range of resource efficiency and management measures it will require a significant increase in awareness and sensitivity within the private, public and domestic</p>

IRF Objective	Likely Impact	Conclusions
		<p>sectors to bring about a cultural shift in the management of CO₂ emissions in the region. The RES does address the causes of climate change and it is entirely correct that it sets a target for CO₂ emissions but it is questionable whether all of the other targets set out in the Draft RES are likely to lead to a significant reduction in greenhouse gas emissions – the target for renewables being a prime example.</p> <p>In terms of making sure that the South East is prepared for climate change – this will require integration of the actions of both the RES and the South East Plan as well as other regional strategies. Climate change needs to be more effectively embedded into regional thinking in terms of both adaptation and proactive engagement within the opportunities.</p> <p>Consultees have also highlighted the need to look at Climate Change in a holistic fashion so that issues such as ‘coastal squeeze’ which are likely to affect many of the region’s coastal environmental assets can be planned for.</p>
13. To conserve and enhance the region’s biodiversity	?	<p>The importance of the natural environment, to the region, not least in economic terms, is clearly spelt out in the RES. The importance of Green Infrastructure and its contribution to Quality of Life and Sustainable Prosperity is also made clear.</p> <p>However, the evidence base for the SA/SEA highlights the current levels of threat to many of the region’s most valuable areas. Investment in new biodiversity assets and improved conservation of existing sites should be promoted as an integral part of Sustainable Prosperity.</p> <p>The implementation of the RES will need to take account of the findings of the Appropriate assessment of the South East Plan.</p>
14. To protect, enhance and make accessible for enjoyment the region’s countryside and historic environment	✓	<p>The RES recognises the important role played by the region’s countryside and historic environment. It does not promote actions that will necessarily have negative impacts on these assets but stakeholders have been concerned about the apparent lack of clarity on this issue in the RES. Consideration needs to be given to this in the development of the RES Implementation Plan which should be developed in collaboration with key stakeholders.</p>
15. To reduce road congestion and pollution levels by improving travel choice and reducing the need for travel by car/lorry	*	<p>The RES explicitly recognises the need to reduce road congestion and pollution. However, it is not clear that the strategy and the actions proposed both by the RES and the South East Plan are likely to lead to any reduction in pollution – the reverse seems</p>

IRF Objective	Likely Impact	Conclusions
		more likely since investment in infrastructure seems more likely to generate journeys than reduce them – that is unless significant funds for both public transport infrastructure and demand management as well as behavioural change can be obtained.
16. To reduce the global, social and environmental impact of consumption of resources by using sustainably produced and local products	✓	The RES is committed to improving resource efficiency and resource consumption in the region and stabilising and then reducing the region’s ecological footprint. However, it is not clear how the region intends to move towards this target. The RES and the South East Plan need to develop a co-ordinated approach to this strategic challenge. Once again, behavioural change will be a key component of any strategy that is likely to produce significant change.
17. To reduce waste generation and disposal , and achieve the sustainable management of waste	✓/✘	The RES contains a target designed to improve the overall efficiency of businesses use of materials and waste generation. This does not contain any clear way forward and it is not clear how the region will achieve anything more than a slower rate of increase in waste generation. The evidence for how this target will be achieved needs to be included in the RES Implementation Plan. The focus within the RES on the environmental technologies sector would create opportunities for the region to become a leader centre in both the development and application of more efficient waste management systems.
18. To maintain and improve the water quality of the region’s rivers and coasts, and to achieve sustainable water resources management	?	<p>The work being carried out by the Environment Agency in preparation for the Water Framework Directive is highlighting key issues for water quality management in the region. It is not clear how the region will reach the targets in the RES on water consumption. Policies in the South East Plan and actions in the RES are not likely to lead to sustainable water resources without a significant investment in demand management, supply efficiency and overall behavioural in change of both consumers and suppliers. At present the policy context is not favourable to such change – or not at the scale required to move towards sustainability.</p> <p>The RES Implementation Plan will need to set out a clear set of actions to target this IRF objective. There are clear potential synergies here between the Draft Implementation Plan of the South East Plan and the RES and its Implementation Plan.</p>
19. To increase energy efficiency and the proportion of energy generated from renewable sources in the region	✓	The RES establishes clear targets for the development and deployment of the renewable energy in the region. As with the other targets in the RES more information is required as to how these targets will be delivered. This should be made clearer in the RES Implementation Plan.

IRF Objective	Likely Impact	Conclusions
20. To ensure high and stable levels of employment so everyone can benefit from the economic growth of the region	✓	The RES is directed at improving the economic performance of the region and increased levels of economic participation and increased employment in growth sectors with strong potential for the future are fundamental to that. At lower levels of growth these objectives may be harder to achieve. Ensuring higher levels of employment in the more deprived areas of the region is also a key objective of the RES.
21. To sustain economic growth and competitiveness across the region	✓✓	Current and proposed economic strategy for the South East looks to maintain and improve the economic profile and performance of the region. A particular focus of the RES is the need to reduce and more towards the elimination of significant intra-regional disparities. At lower levels of growth this objective may be harder to achieve.
22. To stimulate economic revival in priority areas	✓✓	The RES recognises a number of sub-regions within the South East one of the objectives being the targeting of areas in need of economic and social regeneration. Actions to assist these areas will require co-ordination between the RES and the South East Plan. The RES identifies key priorities for each area to address their needs.
23. To develop a dynamic, diverse and knowledge based economy that excels in innovation, with higher value, lower impact activities	✓✓	The development of the knowledge-based economy and a focus on innovation are both key priorities with the RES – both are viewed as key elements of the forward strategy for the economy of the South East and the Greater South East.
24. To encourage the development of a buoyant , sustainable tourism sector	✓	The role of the cultural, sport and creative sectors in the regional economy is clearly set out in the RES. Sustainable tourism needs clearer support within the actions to be developed for the RES Implementation Plan.
25. To develop and maintain a skilled workforce to support long-term competitiveness of the region	✓✓	The RES contains a wide range of actions relating to skills and the skills and training needs of the region in relationship to retaining and building on its competitiveness.

4.4

SIGNIFICANT ISSUES

The following section provides a summary of the Appraisal findings as they relate to the key IRF objectives and associated questions which have framed this Appraisal. These are presented in terms of the overall appraisal and then

the key issues identified in the DTi's guidance to RDA's on the links between the RES Review and the UK's Sustainable Development Strategy.

- ***A Focus on Economic Development***

The RES sets out in a concise way how the Region could potentially move towards achieving its aspirations of smart growth and sustainable prosperity. It is focused on economic development but also contains clear evidence and proposals as to the benefits of making growth more sustainable. The work that SEEDA has carried out on the Index of Sustainable Welfare and on the REEIO model has helped to clarify some of the issues relevant to making the region's economy more sustainable.

- ***Sustainable Consumption and Production***

The ideas within the RES on resource management and the management of demand and consumption mirror the concerns that are one of the key themes of the UK's Sustainable Development Strategy. The ideas put forward in the document are proactive and address both process and behavioural aspect of business as well as products and services.

In this context, the setting of a target relating to the region's ecological footprint (in line with the commitment in the Draft South East Plan) is an important indication of the Strategy's recognition of the consumption and production challenges facing the region.

The ability to drive demand for a more sustainable pattern of production and consumption is only partly with the gift of the Region. Wider forces such as national policy and legislation need to be aligned to this objective for the Region to be able to make substantial program on this issue. The Region will need to demonstrate how it will seek to influence Central Government on this issue. It will be important for the Regional Assembly, SEEDA and other key regional partners to develop a common set of objectives and a common strategy so that the Region can engage effectively with Central Government.

The Region is keen to stabilise and then move to reduce its ecological footprint.

- ***Climate Change and Energy***

The RES recognises the challenges and opportunities posed by Climate Change and Energy Supply and Security. The current proposals in the document whilst positive and promising will need to be considerably developed to ensure that opportunities are maximised and that the Region will be able to design a route map for moving towards a low carbon economy. This will require the development of detailed actions in the RES Implementation Plan.

- *Natural Resource Protection and Enhancement*

The RES notes that in meeting the challenge of Sustainable Prosperity the region will need to be 'achieving measurable improvements in the quality, biodiversity and accessibility of green space, open space and green infrastructure'. Target 13 of the RES is to 'Achieve measurable improvements in the quality, biodiversity and accessibility of green and open space'. This creates scope for partnership working with the other regional stakeholders to deliver enhancements to the region's existing assets and to improve the status and management of existing assets.

In terms of the IRF Objectives the RES 'scores' well on the following objectives:

- Reducing Poverty and Social Exclusion (IRF4)
- Raising Educational Achievement (IRF5)
- Creating Sustainable Communities (IRF7)
- Improving Accessibility to services and Facilities (IRF8)
- Increased Engagement in Cultural Activity (IRF9)
- Improved Efficiency in Land Use (IRF10)
- Reduce Resource Consumption (IRF16)
- Reducing Waste Generation and Disposal (IRF17)
- Monitoring and Improving Waste Quality (IRF18)
- Increasing Energy Efficiency (IRF19)
- Ensuring High and Stable Levels of Employment (IRF20)
- Sustaining Economic Growth and Competitiveness (IRF21)
- Stimulate Economic Revival in Priority Areas (IRF22)
- Develop a Dynamic, Diverse and Knowledge Based Economy (IRF23)
- Encourage the Development of a Sustainable Tourism Sector (IRF24)
- Developing a Skilled Workforce (IRF25)

It also scores well in terms of IRF Objectives 20-23 which relate to the performance of the economy.

However, the performance of the Draft RES is less strong in terms of the remainder of the IRF objectives for the following reasons:

- Delivery constraints (IRF1)- Affordable Homes/Ensuring Decent, Sustainable Housing
- Degree of relationship to the economic strategy (IRF6 - Crime and Fear of Crime)
- Lack of regional control/scale of investment or policy change required/IRF 11 - Air Quality, IRF-12 Climate Change, IRF 15 - Transport and Congestion, IRF-16 Reducing Global Impacts
- Lack of recognition of opportunities (IRF - 13 Biodiversity) and IRF - 24 Sustainable Tourism)

In terms of the IRF Objectives the RES scores' well on the following objectives:

- Reducing Flood Risk (IRF2)
- Improving Health and Wellbeing (IRF3)
- Reducing Poverty and Social Exclusion (IRF4)
- Raising Educational Achievement (IRF5)
- Creating Sustainable Communities (IRF7)
- Improving Accessibility to Services and Facilities (IRF8)
- Increased Engagement in Cultural Activity (IRF9)
- Improved Efficiency in Land Use (IRF10)
- Protect and Enhance the Countryside and the Historic Environment (IRF14)
- Reducing Waste Generation and Disposal (IRF17)
- Monitoring and Improving Waste Quality (IRF18)
- Increasing Energy Efficiency (IRF19)
- Developing a Skilled Workforce (IRF25)

It also scores well in terms of IRF Objectives 20-23 which relate to the performance of the economy.

However, the performance of the RES is much less strong in terms of the remainder of the IRF objectives for the following reasons:

- Delivery constraints (IRF1- Affordable Homes/Ensuring Decent, Sustainable)
- Degree of connectivity with economic strategy (IRF6 – Crime and Fear of Crime)
- Lack of regional control/scale of investment or policy change required (IRF 11 – Air Quality, IRF-12 Climate Change, IRF 15 – Transport and Congestion, IRF-16 Reducing Global Impacts)
- Lack of recognition of opportunities (IRF – 13 Biodiversity and IRF – 24 Sustainable Tourism)

- *Evidence Base*

The production of the Evidence Base document has been extremely useful and has complemented the work carried out for the SA/SEA extremely well. The RES has made very good use of the research carried out by SEEDA and other to underpin the development of the strategy. The Evidence Base developed by SEEDA is an extremely valuable resource for the analysis of development options for the region and should be regularly updated.

- *Leadership*

In general the RES, as expected given its aims and objectives, does not focus on issues of leadership in specific areas albeit it does mention a wide range of organisations who have key roles in the current and future delivery of the Region's Economic strategies and initiatives.

The document invites regional stakeholders to propose how they can assist in the delivery of the strategy – this will be very important for the sustainability of the Strategy which will not be delivered without a coordinated delivery plan across a number of organisations and sectors. The role of the RES in integrating and focusing strategies should be extended to cover issues relevant to the delivery of smart sustainable growth.

- *Role of the Public Sector*

The public sector clearly has a major role to play in delivering smart growth not least because of its significant purchasing power and use of resources. It will be important that the role of the public sector in promoting and enabling smart growth not only via policy but also via leadership and investment, is clearly identified in developing the RES Implementation Plan.

- *Targets/Indicators/Monitoring*

The RES does not contain limited by significant many targets and an outline monitoring framework. This is to be expected given the aims and objectives of the document. These will need to be developed, along with the detailed actions to deliver the strategy in the RES Implementation Plan.

- *Implementation of the RES*

SEEDA is to develop its RES Implementation Plan over the coming months. This will be informed by a sustainability appraisal of the Plan.

4.7

SIGNIFICANT EFFECTS

Table 4.1 sets out our assessment of the likely significant effects of the RES on key environmental issues as required by the SEA Directive. The following issues may, depending on how the RES is implemented, potentially experience significant **positive** effects:

- Population
- Human Health
- Material Assets
- Waste

Issues that may potentially experience significant **negative** effects are as follows:

- Air (in terms of transport emissions)
- Climate Factors (CO₂ and Greenhouse Gas Emissions)

For all other categories identified by the SEA Directive it is not possible to assess likely significant effects from the details provided in the RES. The SA of the RES Implementation Plan may be able to assess the likelihood of potential significant effects from the detailed action in the Plan.

Table 4.1 *Likely Significant Effects on the Environment of the South East RES*

Environmental Issues	Comments
Biodiversity	There may be opportunities and also impacts but in the absence of detailed actions this is difficult to assess.
Population	The wellbeing of the population should be affected in a positive way
Human Health	The Strategy should promote actions that will deal with many of the determinants of social and economic exclusion and this should benefit health status.
Fauna	There may be opportunities and also impacts but in the absence of detailed actions this is difficult to assess.
Flora	There may be opportunities and also impacts but in the absence of detailed actions this is difficult to assess.
Soil	Use of PDL should help to reduce contamination. A focus on PDL also reduces the likely demand on good quality agricultural land in the region – especially in Green Belt areas.
Water	There may be opportunities and also impacts but in the absence of detailed actions this is difficult to assess.
Air	It is likely that atmospheric emissions especially from transport will increase
Climatic Factors	Green house gas emissions are likely to increase
Material Assets	The Strategy should protect and enhance material assets
Cultural Heritage - Architectural - Archaeological	There may be opportunities and also impacts but in the absence of detailed actions this is difficult to assess.
Landscape	There may be opportunities and also impacts but in the absence of detailed actions this is difficult to assess.
Waste	The Strategy promotes improved waste management and opportunities for growing waste manage and recycling businesses.

4.8 *EQUALITIES ISSUES*

The SA/SEA team carried out an initial Equalities Impact Assessment of the RES.

In general, the RES and the Evidence Base document demonstrate an awareness of equalities, diversity and race issues in terms of the proposals and the broad strategy outlined. This should be carried through into the RES Implementation Plan.

4.9 *CUMULATIVE EFFECTS OF THE RES*

The SEA Directive requires that an assessment of the cumulative effects on the environment of the plan or strategy being assessed is carried out. Cumulative effects include secondary, synergistic, short, medium and long-term, permanent and temporary, positive and negative effects. The assessment of the cumulative effects of the RES is presented in the SA report .

4.10

MITIGATION

Detailed mitigation measures based on the RES and the Findings of the Appraisal are included in the Final SA Report.

5.1***INTRODUCTION***

The RES does not include a detailed Implementation Plan or monitoring framework with targets and indicators since these would be inappropriate at this stage in the RES process.

A separate SA of the RES Implementation Plan is to be carried out and this should comment in detail on the way in which key issues raised by the SA are addressed by implementation actions and on the suitability of the proposed monitoring framework in terms of monitoring of the sustainability of the RES and the potential significant and cumulative effects identified by the SA..

6.1 CONCLUSIONS

The RES clearly demonstrates that it has taken account of the key elements of the UK's Sustainable Development Strategy whilst retaining a clear focus on the regional economy. A wide range of issues relating to economic, social and environmental sustainability are recognised as being key to the delivery of a growth model that ensures that the region continues to grow its economy but not at the expense of quality of life or the integrity of the environment. It also recognises that a significant shift in the consumption and management of resources is required if the region and the economy are to prosper.

The need for significant behavioural change is also implicit in many aspects of the RES and is highlighted by the target in the Strategy relating to the region's ecological footprint. The RES also recognises that 'business as usual' is simply not an option for the region – the economic, social and environmental implications of such approach would compromise the economy and quality of life of the region.

The RES sets out quite clearly a series of significant opportunities for the region arising from a more sustainable approach to economic development. It is also quite open about the equally significant challenges that the region faces in implementing the Strategy and the extent to which existing and still to be created partnerships between SEEDA and other national, regional and local stakeholders will be required to deliver on the region's potential.

It is also quite clear that the Strategy requires innovation in terms of policies, management, funding and delivery and that 'business as usual' in these areas will not deliver what the region or by extension the UK needs. This is a challenging agenda but the correct one.

The emphasis on sustainable prosperity and the clearly set out targets which the region needs to move towards are significant elements in helping to create a framework for testing the extent to which the region can move along a more sustainable development path. It is important that the RES has set out such clear targets. It will be equally important that the Implementation Plan and the actions within it clearly relate to the Strategy and have equally clearly defined performance measures – this is work that still remains to be done but is of fundamental importance if the region is to understand what progress it is achieving.

In developing the RES Implementation Plan SEEDA should seek to take advantage of the extensive potential synergies within the South East Plan's Implementation Plan.

The recommendations arising from the Appraisal of the RES in terms of the Strategy and its implementation are as follows:

- SEEDA and the Assembly should establish a process for reviewing the realignment of key stakeholder's priorities in the region with regional priorities.
- SEEDA should continue to work with partners in the Region and with National Government on the clarification of actions to deliver the RES including a Monitoring Framework and the Implementation Plan. Engagement with key partners will be critical to developing a more robust way forward on implementation.
- The Implementation Plan should ensure that each of the targets in the RES should be provided with a clear rationale and also a 'delivery path' ie, how is the target to be met – at present it is not clear how actions will deliver the targets.
- SEEDA and the Regional Assembly should develop clear proposals for integrating the common elements of the RES and the South East Plan via joint implementation actions.
- Given the significance of behavioural change to the delivery of both the RES and the South East Plan – a clear set of joint actions relating to this key area of policy should be developed for discussion with Central Government, the private sector and public sector partners.
- SEEDA and its partners should continue to work on innovative ways of measuring the impact of the RES on resource consumption and efficiency such as its work with the REEIO Model and the Sustainable Consumption and Production Network.
- SEEDA and its partners should establish a clear process for reporting on the sustainability impacts – positive and negative of the RES.
- SEEDA should work with regional partners to identify clear roles and responsibilities for ensuring the delivery of key actions relating to sustainability.
- Consultation responses on the objectives of the IRF and on the Appraisal Framework should be used to assist in any review of the IRF and in the development of future appraisal frameworks.
- Clear responsibilities for monitoring and reporting on the Significant Effects indicators should be established.

