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National Infrastructure Assessment: South East England Councils consultation response

1. Introduction and Summary

1.1 South East England Councils (SEEC) is the cross-tier voice of local authorities in the South East of England. We are a voluntary membership body, bringing together county, unitary and district councils. Together we promote the views and interests of all tiers of local government across the South East, representing 9.1 million residents – the largest population in the UK. We look forward to discussing vital infrastructure issues raised in this response with the National Infrastructure Commission (NIC) at a SEEC meeting soon.

1.2 We welcome the NIC's work in developing the first National Infrastructure Assessment (NIA), and your overarching objectives to support sustainable economic growth across all regions of the UK, improving competitiveness and quality of life. **Our response sets out key issues where the NIA could help us collectively tackle long-standing infrastructure challenges in the South East of England to unlock housing and jobs growth and underpin national economic success – and we highlight some of the risks of not doing so.**

1.3 The South East has a highly successful economy and has been globally competitive for many years, but new evidence shows this must not be taken for granted in two respects:

- **The South East has traditionally generated the highest net profits for Treasury, bringing significant national benefits by supporting investment in infrastructure and regeneration elsewhere in the UK. However, new data for SEEC shows South East profitability falling behind other areas, reinforcing SEEC member concerns that inadequate infrastructure funding is holding back our economic potential.**
- **The South East is a global air, sea and rail gateway for businesses and travellers from cities and other areas UK-wide, but routes are ever-more congested.**

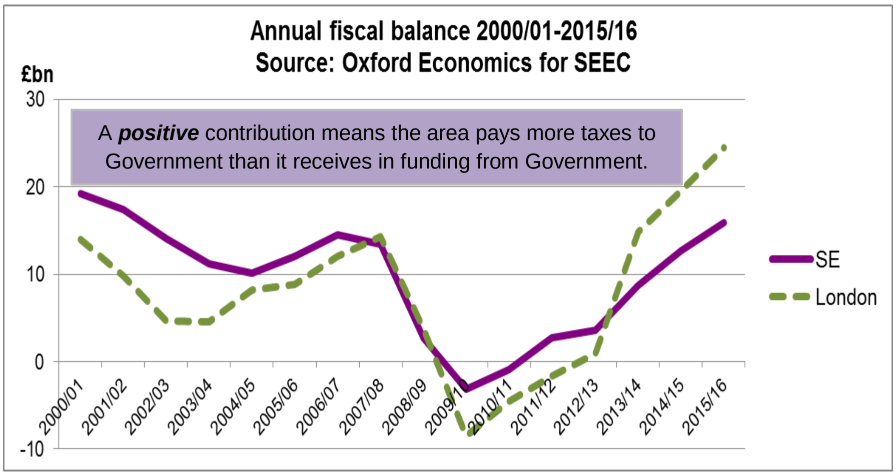
Both these roles are at risk from major infrastructure deficits which, if not urgently addressed, will undermine future long-term national economic success and the South East's ability to facilitate further housing and economic growth.

1.4 **We believe the South East needs increased investment to deliver its full potential for UK plc, and deliver the homes we need, and urge you to ensure the South East receives a fair and balanced share of infrastructure funding as well as powers to raise other sources of funding.** Addressing the challenges you highlight in the NIA is vitally important to South East residents and businesses. They want to see positive action to tackle the problems they face every day such as transport congestion, and overstretched infrastructure and utilities, to support a strong, sustainable economy and the homes we need. **Our response below focuses on 4 areas of your consultation:**

- **Overarching issues, & Financing and funding infrastructure in efficient ways (NIA Ch 7)**
- **Connected, liveable city-regions (NIA Ch 2)**
- **Infrastructure to support housing (NIA Ch 3)**
- **Building a digital society (NIA Ch 1).**

2. Overarching issues (re NIA introduction chapter), & Financing and funding infrastructure in efficient ways (NIA Chapter 7)

2.1 **Addressing the South East's infrastructure deficit to underpin UK-wide success:** The South East has a proven track record as the UK's most profitable economy, playing a key role in Government's ability to invest in infrastructure and economic growth projects elsewhere in the UK. **However newly-commissioned research (see chart) shows that while the South East contributed the highest net financial surplus to Treasury of £154.4bn from 2000/01 to 2015/16, our net returns were £21.6bn lower than London over the past 3 years. This means the South East economy is failing to deliver its full potential to help Treasury fund infrastructure and public services UK-wide.** With the research showing that the South East economy is falling behind London, it also means the Treasury and the UK are becoming increasingly reliant on London's economy alone.



2.2 Our members believe the South East's changing fortunes are due to a **growing gap in per-capita public spending, including on areas such as transport and enterprise investment**. Between 2000/01 and 2015/16 overall per-capita public spending in London rose from £7,056 to £12,628, while the South East rose from £5,274 to £10,334. This deficit of more than £2,250 per person makes it difficult for the South East to meet its infrastructure and service demands. Investing in infrastructure to support this high performing economy, maintaining growth in jobs and productivity, and unlocking housing, is vital for the whole UK.

2.3 While proximity to London is a major factor for some parts of the South East – resulting in increased pressure on housing, transport and other infrastructure – the South East has its own vibrant economies and high levels of ambition to grow these economies further. Our members are clear that, without increased infrastructure investment, the South East economy will be disadvantaged and will fail to achieve its full potential – and much needed homes will not be built as sites will not be adequately accessible/connected to other places or serviced. Work for SEEC by local government finance experts LG Futures (LGF) has shown that **the South East is expected to have an infrastructure funding gap of £15.4bn by 2030**. Taking account of expected population growth, providing transport, education, health, community and green space infrastructure for South East residents, plus flood protection, utilities and emergency services, the total infrastructure cost to 2030 is calculated at £38.3bn. Current funding streams are expected to cover around £22.9bn of this, leaving a gap of £15.4bn. This is just 10% of the net profit the South East economy has contributed to the Treasury since 2000 (see para 2.1 above). **The South East economy has a proud history of generating a surplus for UK plc but we urgently need to see a fairer share of our net profit re-invested in South East transport, utilities and hi-tech infrastructure to help us return to maximum potential and unlock much-needed homes and jobs.**

2.4 Also, as we focus on securing the best possible future for Britain outside the European Union, it is critical to ensure the South East can compete internationally for foreign investment. Not only is the South East's economic success/return on investment critical to spending nationwide, but the **South East is a key global transport gateway vital for businesses UK-wide**. This access to international markets underpins a significant part of the UK's global competitiveness and inward investment. Incoming businesses need to see better road, rail, air and sea links, and world-class broadband, that enhance our excellent strategic location, or they will choose to locate in competitor countries. Without significant infrastructure investment, businesses in the South East and nationally will face increased congestion and operating costs. Investment will also be needed to address South East impacts of Heathrow Airport expansion in light of the

Government's recommendation. Expansion will have significant impacts on the South East, placing extra demands on transport, housing, infrastructure and bringing risks to the environment and air quality.

2.5 **SEEC members fully support the importance of raising economic performance in other parts of the country but believe this must happen <u>alongside</u> continued investment in South East success – in line with the NIC's objective to support economic growth in <u>all</u> areas**. **Infrastructure is critical to enable housing and economic growth, but <u>existing</u> deficits in investment hinder this across the South East**. The South East's success, its long-term excellent return on investment and its ability to underpin public spending nationwide will suffer if its economy is starved of investment, as outlined above. It will also stall progress on the Government's Industrial Strategy aims. Indeed some SEEC members are concerned that the Industrial Strategy needs to go much further in recognising the South East's investment needs and potential.

2.6 **The importance of investing to maximise the South East's economic potential is clear.** South East total GVA (£257bn in 2016 - greater than all 8 English core cities' combined £177bn) and GVA growth (15.4% from 2012-16) are very strong and second only to London. **However there is untapped potential to increase South East productivity and GVA per head. This requires greater investment** to reduce transport congestion, improve broadband access in rural areas, and raise skills levels. SEEC's data shows that the South East has more than 64,340 unemployed (September 2017), with an 8.4% annual rise – higher than the national 5.6% rise nationally. 300,700 South East residents of working age have no qualifications (2016). Counter to many perceptions, figures show the South East has more unskilled and unemployed people than the North East, South West, East or East Midlands.

2.7 Freeing up local and national investment is important to deliver further dividends for the Treasury by building on the South East's proven economic potential. **Councils know where major infrastructure is needed to support and unlock development but currently lack the funding to take forward projects on the scale required to meet national needs.** Actions by the NIC and Government could help fill infrastructure gaps at both local and national, strategic levels. The Government's national £5bn Housing Infrastructure Fund (HIF) is welcome and we hope to see final awards reflect the needs of areas of high demand such as the South East. However even assuming this, we are concerned that HIF alone will be insufficient to meet needs identified at some £15.4bn for the South East alone (see para 2.3 above). We agree with the NIC that clarity is needed on the European Investment Bank's role post-Brexit, but more widely **we want to work together with Government to find solutions, including innovative funding mechanisms that leverage investment.**

2.8 **Whilst local authority Leaders recognise that there is no new money on offer from Government, we believe that reallocating existing funding, and providing councils with financial freedoms and flexibilities, could help address this growing infrastructure gap. Clearly schemes with a national impact need an allocation of national funding, but there are also changes that could release more investment from councils for local priorities. Further details on possible changes are set out below.**

2.9 <u>Funding for nationally significant transport infrastructure in the South East and investment criteria:</u> **SEEC members want to see the NIA encourage Government to commit to a portfolio of national infrastructure investment that balances high-return-on-investment projects in the South East (and other areas) with lower-return regeneration projects in other parts of the country.** This is important both to maximise the cost-benefits of public investment and to help ensure South East residents and businesses see tangible benefits accruing from growth in their areas. Examples of such projects are set out in section 3 of this response.

2.10 The NIA should follow private sector principles and ensure adequate investment in proven successful areas to maintain their profitability. This will not preclude investment in regenerating areas but will ensure economic returns to re-invest UK-wide from already-successful areas – such as the South East – do not decline. The aim must be to maximise growth in all areas so they can <u>all</u> contribute to the Treasury, not to allow some areas to grow at the expense of constraining other areas.

2.11 Ministers nationally have recognised there have been decades of under investment in infrastructure and identified the need to invest. With value for money a key priority for both Ministers and the NIC, the South East must not be overlooked. Investment in the South East has proven economic potential and so is able to deliver direct benefits in the short term to balance longer term gains elsewhere. Short term benefits from South East investment will include reducing the cost of congestion to businesses, opening up housing sites and supporting new jobs.

2.12 **SEEC believes that the NIA can play an important role in updating national investment criteria to deliver an investment programme that is fit for the 21st century. Such an updated system could enable transparent and accountable decisions to be made about the proportions of funding to be allocated to projects that offer strong GVA growth – in the South East and elsewhere – alongside those that offer lower growth but regeneration opportunities.** This will ensure that all economies grow and that the Government achieves balanced best returns on public funding. At national level, we urge the NIC to review the criteria currently used to allocate Government departments' infrastructure investments. For example our member councils have previously found that flood prevention funding failed to take adequate account of the national and local economic impact of flooding in the South East; and members are also concerned to ensure methodologies give adequate weight to the GVA uplift delivered by transport investments.

2.13 **Funding powers to help South East councils deliver infrastructure: Whilst the NIA consultation focuses on the funding role of the private and public sectors for national-scale infrastructure, SEEC asks the NIC to also explore other council-led solutions to local infrastructure funding.** Changes to infrastructure funding are needed because of the growing deficit across the South East, made worse by a lack of council freedoms and flexibilities to raise their own funds for more local infrastructure needs. If not addressed, South East housing and economic growth will become unsustainable by simply adding to existing congestion, overcrowding and existing pressures on services.

2.14 South East local authorities appreciate they have some responsibility for contributing towards local infrastructure investment that will support housing and economic growth, but they need greater funding freedoms to be able to do more. For example, allowing councils to keep a greater share of locally-generated taxes would help them invest to help support growth. While this approach would reduce funds for national redistribution on day one, the high potential returns in income tax and corporation tax from new jobs would quickly provide alternative income streams to underpin Government's wider public spending. And while these measures are not appropriate ways to fund national strategic priorities, they would allow councils to make a much greater contribution to more local infrastructure needs.

2.15 **SEEC would welcome support in the NIA for Government to allow councils access to a guaranteed share of the following. These would help release funds to help councils contribute to essential local infrastructure that will open up new housing sites, reduce the costs of congestion for businesses and support sustainable communities**:

- **Business rates -** While there is interest in the 100% retention pilots, the current system means that many South East authorities would retain only a small proportion of what they collect. This is despite the South East generating the second highest level of business rates in the UK. We want to see progress on Government's commitment to reform this flawed system where tariffs and top ups mean that many South East authorities keep only a small percentage of the income they generate. SEEC members want to see a new system that gives clear financial rewards for areas that deliver growth, without adding new statutory spending duties. This will allow them to invest directly or borrow against future income to fund infrastructure.
- **Stamp duty -** Local authority access to a share of stamp duty paid in the South East (eg. first time sale of new homes) would allow councils to play a greater role in funding local infrastructure that supports housing growth and the needs of existing residents.
- **Council tax -** The ability for councils to keep a guaranteed percentage of council tax growth would give certainty over future investments in essential infrastructure and services needed to support a growing number of homes and their residents.

2.16 Tangible benefits of freeing up local capacity to fund infrastructure include:

- Using councils' local knowledge to identify investment needs and target funding to projects that support local economic growth and productivity.
- Improving local transport to reduce congestion that creates delays and costs for businesses. The LGA has estimated the economic cost of traffic congestion at £968 per driver per year, and unreliable, overcrowded commuter rail routes in the South East also damage productivity.
- Investing in new local transport links to open up new housing and employment sites for development.
- Improving local accountability by creating clearer links between local taxes and local spending.

2.17 **SEEC members would also like to see NIA support for two further actions from Government to free up local funding** to help them support the cost of services and infrastructure for a growing population:

- **A long term future for the New Homes Bonus** as this offers a clear financial reward for areas that support housing growth. This should reflect all homes delivered – not just those above a minimum building threshold level.
- **Greater freedom for councils to set local fees and charges**, for example in areas such as managing access to waste sites and to reflect the full costs of handling planning applications rather than current partial planning fee increases. Local ability to set and levy charges would allow councils to continue to provide quality services without the need to subsidise costs from other budget streams.

2.18 **Devolution:** Many in the South East feel much of the devolution focus to date has been tailored for well-defined city areas rather than the two-tier South East with its large network of towns and cities. In allocations of national infrastructure funding, **SEEC members are keen to ensure that the South East is not disadvantaged or left behind in the investment stakes because it is outside mainstream devolution approaches**.

3. Connected, liveable city-regions (NIA Chapter 2)

3.1 **Priorities for large-scale nationally-important transport infrastructure and gateways in the South East:** **As we highlight above, the impact of South East infrastructure is national, not just local. Companies in city-regions and other areas UK-wide rely on our transport gateways to reach international markets. However these links are increasingly congested, harming businesses, commuters, residents and the environment – reducing UK attractiveness for global investment. Without action now, these problems will continue to get worse** - and Heathrow Airport expansion risks further exacerbating them if it is not supported by sufficient new infrastructure investment. Without South East infrastructure investment, companies in cities and other areas across the UK who rely on our transport gateways to reach international markets may choose to move to alternative countries where infrastructure is better equipped to handle demand. As road and rail routes to and through the South East become increasingly congested, overcrowded and inefficient they damage business profitability and inward investment to the UK.

3.2 Whilst not a 'city-region', the South East is an economic powerhouse in its own right. Our £257bn GVA (2016) is larger than all 8 English core cities' combined £177bn. Over 1.2 million residents commute within the South East's boundaries, roughly 750,000 more than commute into London. **Improvements to orbital routes will support and strengthen the South East economy and national network – not simply those commuting into London – and complement radial links to and from London.**

3.3 We welcome the NIC's work to progress the Cambridge-Milton Keynes-Oxford growth corridor study. **However there are a number of other critical strategic cross-boundary transport routes in the South East, as highlighted in and SEEC's Missing Links report, which, if delivered, would unlock significant national economic and housing potential, and sustain the world class infrastructure needed for global competitiveness.** As nationally significant routes, these projects need Government funding support, as set out in section 2 of our response. Even with greater funding devolution to address local problems, these national schemes would be beyond the means of individual local authorities, LEPs or groups of partners.

3.4 We ask for the NIC's support in moving these schemes forward through the NIA. The schemes identified represent strategic cross-boundary transport needs and opportunities across the South East. Transport for the South East (the shadow Sub National Transport Body) takes the ones in its area as starting point for further work on road and rail investment needs. Investing in the following strategic transport corridors, international gateways and wider transport networks would benefit job creation, the reliability of imports and exports, the delivery of homes, and freight, business and leisure travellers UK-wide:

- **Port access, Solent**: Upgrading the A34/M3 and rail links from the West Midlands through Oxfordshire to Hampshire and the ports at Southampton and Portsmouth. These would support a planned 200% increase in container growth and 170% increase in cruise passengers by 2030.
- **Port access, Kent**: Improving the M2/A2 links from London and beyond, through Kent to the Channel Tunnel and Dover. This would reduce congestion on a key corridor supporting £150bn of UK/ European trade each year.
- **Dover-Southampton**: A whole-route upgrade to the A27/M27 and A259, linking major south coast ports, university towns and their growing economies. An upgraded south coast route would offer a viable alternative to the M25, relieving congestion on the M25 and creating some 9,300 jobs.
- **Oxford-Cambridge**: As reflected in the NIC Cambridge-Milton Keynes-Oxford growth corridor study, a new road linking the hi-tech science centres of Oxford and Cambridge, including improvements to A34 and M40. This will complement the planned East-West rail route and help support at least 120,000 jobs and a similar number of homes.
- **North Downs Line**: Improvements to the rail link between Oxford, Reading, Gatwick & Kent. This would deliver direct links between significant South East economic and residential centres, reducing car commuting, improving public transport access to Gatwick and relieving pressure on roads, including the M25. It is also expected to create some 8,000 jobs.

3.5 The South East also provides major access routes to both Heathrow and Gatwick airports and benefits from the economic uplift they create**. It will be important that any airport expansion is supported by significant national investment in better infrastructure to make sure that increased traffic congestion and poor services do not undermine economic growth prospects. Also importantly, the final decision on an extra runway should not be used as an excuse to delay investment in surface access improvements to Heathrow that are already developed and are needed immediately.** Without investment in infrastructure, the expansion of Heathrow Airport will have significant impacts on transport links across the South East and to the rest of the UK.

3.6 **NIC assessment of the potential demand for additional infrastructure at South East international borders post Brexit would also be welcome.** SEEC has called for Ministers to make early decisions on the future of border checks in advance of Brexit so that local authorities can plan for the infrastructure impact if changes to systems create large queues of passengers or freight waiting to enter or leave the UK. Any such delays would add burdens for local authorities and may need specific allocation of land for queuing infrastructure or additional port health inspections. Delays and inadequate infrastructure at borders would also damage the UK's reputation as a place to visit or do business.

4. Infrastructure to support housing (NIA Chapter 3)

4.1 **Improving delivery of South East housing plans and infrastructure to unlock homes:** **SEEC members are concerned – as set out in our Unlock the Housing Blockers report – that many parts of the South East suffer from an existing infrastructure deficit which worsens as new homes are built and which hinders large scale developments.** We welcome NIC's focus on ensuring good/healthy places to live, including good design. However congestion and pollution degrade the environment and impact on residents' quality of life, while poor road and rail links have a negative impact on commuting time, productivity and reliability of freight transport. These factors not only create local concerns about further new development – as opposition can delay delivery of planned housing – but also undermine the South East's economic profitability for UK plc. Without adequate investment in infrastructure, it cannot be assumed that the South East's economic powerhouse role and track record in supporting new homes will continue.

4.2 The South East has England's largest population (9.1m) and an excellent track record in housing. The South East had the highest net additional homes in England in 2014/15 (28,348) and 2015/16 (34,842), and 36,526 homes in 2016/17, 2nd only to London. **However, South East local authorities are currently unable to unlock thousands more homes that have been granted planning permission but not built by developers – at least a further 66,751 homes were unbuilt by March 2015. The number of unused planning permissions is growing** and, in the South East, had risen by 12,000 since 2010. **Affordable homes also remain a challenge for the South East with 5,420 completed in 2016-17. This is disappointing as South East house prices are some of the highest in the country at up to 12 times the average South East salary**.

4.3 **The current lack of powers for councils to incentivise delivery, allied to lack of infrastructure investment (including for affordable homes), is creating a housing deficit in the South East. It is also affecting councils' income and their ability to invest in local services and infrastructure.** For example, if all 66,751 unimplemented homes were charged at the average South East band D council tax of £1,475 a year, South East councils would have generated around £98.5m extra income in 2014-15.

4.4 **Tackling unimplemented planning permissions:** We are pleased that the Government recognised the problem of unimplemented planning permissions and build-out times in its Housing White Paper and recent "Planning for the right homes in the right places" consultation. We welcomed proposals for some modest tools to help councils tackle slow delivery via development schedules/review mechanisms, and increasing construction skills. However, further action is still needed to deliver the White Paper's aims of increasing housing supply – especially if the new 'delivery duty' on councils is to be introduced. We hope Sir Oliver Letwin's review of unimplemented planning permissions will address councils' lack of powers and **SEEC would welcome NIA support for discretionary powers for councils to turn those unused permissions into homes. For example, the ability to charge fees or financial penalties on stalled developments** would allow councils to incentivise quicker delivery of finished homes. Examples could be the ability to charge council tax or CIL on undeveloped homes.

4.5 **Infrastructure to unlock South East homes:** Whilst s106/CIL and existing/recent initiatives such as the Government's national £5bn Housing Infrastructure Fund and New Homes Bonus are important, SEEC members are concerned that these alone will be insufficient to meet the South East's £15.4bn infrastructure gap. **As set out in para 2.15, SEEC wants to work together with Government to find solutions, including innovative infrastructure funding mechanisms that leverage investment.**

4.6 **In addition to the wider changes outlined in section 2 above, we respond here on the NIA consultation specific questions about developer contributions/uplift in land value.** Whilst s106 and CIL contributions from developers are not sufficient to fund all South East infrastructure needs, they do make an important contribution to the costs of providing affordable housing. These contributions also help fund wider infrastructure that is needed to make new homes sustainable and more acceptable to existing local residents. SEEC members have previously expressed concern that planning changes in recent years mean several types of development – such as small sites and starter homes – no longer contribute to these costs. We understand reforms of CIL/s106 contributions are still being considered by Government, which we hope will address these issues to ensure all sites contribute. **We would welcome the NIC's support to encourage Government progress on the review of CIL, including changes to exempted site rules to allow councils to determine locally-appropriate developer contributions from all sites. This will help ensure all new developments contribute to affordable housing and infrastructure, helping South East authorities respond to local demands.**

4.7 Government has recently proposed improving the viability assessment process to increase certainty and transparency and address concerns that it delivers fewer contributions for infrastructure and affordable homes than required by local plans. **Tackling viability issues is**

particularly important in the South East given generally high land values, and imprecise current NPPF guidance that viability assessment should take account of "competitive returns to a willing landowner and willing developer to enable the development to be deliverable" (NPPF para.173). In the South East, some developers argue that their benchmark land value overrides any considerations related to policy compliance; and whilst current viability tests by the Valuation Office ignore the price paid for the land, developers are still over-paying. These factors reduce much-needed funding for affordable housing in the South East. **SEEC asks that the NIA encourages Government to work closely with councils to ensure changes to viability testing unlock the 'true' levels of developer contributions available for infrastructure. Clear, consistent guidance at national level – developed with local government – that defines the basis for calculations within viability assessments would assist.** This could include the need to capture viability before the first sale for development, so the infrastructure contribution is assessed before the first valuation.

4.8 **We also ask NIC and Government to work with local government to explore the potential for funding infrastructure through 'planning gain', ensuring more of the uplift/gain in land value from granting planning permission is put back into infrastructure to support growth.**

4.9 **Further funding/powers for councils to build homes:** **SEEC was pleased that the Housing White Paper recognised the role councils could play in increasing the supply of much-needed affordable housing. We would welcome support through the NIA to urge Government to put in place three key actions to further support this:**

- **Relaxing the cap on borrowing under Housing Revenue Account (HRA) rules for all councils** would allow councils to build more affordable homes themselves. Recent Government proposals allowing councils to *bid* for this opportunity are a move in the right direction, but borrowing flexibility should be available to all as a matter of course to release council's own housebuilding capacity.
- **Reviewing Right to Buy (RtB) to enable local authorities to sustain stocks of affordable homes by ensuring retained funding is adequate to deliver 1 for 1 replacement.** While supporting RtB, some SEEC members argue it kicks in too soon and that the discounts are too high to adequately fund replacements.
- **Active Government encouragement for councils building homes through new models such as local housing companies and joint ventures to deliver affordable housing.** We want an open dialogue with Government to inform how they can support and encourage these types of delivery vehicles.

4.10 **Aligning delivery plans:** **SEEC would welcome better co-ordination to ensure infrastructure investment is well aligned with councils' housing and other economic/growth plans.** Encouraging utility companies, including energy, water, waste management and broadband, to better align their infrastructure investment in advance of planned housing growth would speed up the delivery of new housing developments. Requiring utility companies to fully engage in the earliest stage of the planning process would help support the delivery of more timely utilities for new developments. Allowing councils to negotiate high level development agreements with utilities, other infrastructure providers and developers on the timing of development would help agree approaches to infrastructure investment and avoid blocking sites.

4.11 **Addressing the construction skills gap:** Whilst not in your core remit, SEEC would welcome NIC support to encourage Government and the Infrastructure & Project Authority (which advises on delivery) to ensure there is sufficient construction sector capacity to build infrastructure and homes. **SEEC has called for councils to have a stronger role in directing skills funding to ensure current and future gaps are filled. The local dimension is particularly important in vocational construction skills where councils could encourage local residents to train to fill known gaps in their local economies.**

5. Building a digital society (NIA Chapter 1)

5.1 **Tackling South East digital gaps:** Access to superfast broadband is critical for continuing the economic success of the South East and UK in the future. It supports economic growth and productivity across all sectors and provides access to international markets without the need to travel. However, almost 5% of homes and businesses across the UK are still without access to superfast broadband. It is important to recognise that economic activity takes place across a range of locations, generating income for UK plc.

5.2 Delivering coverage for all homes and businesses should be a priority to boost the economic success of the South East. Superfast broadband gives homes and businesses access to services, customers, markets and suppliers regardless of location, allowing all areas to compete on equal terms locally, nationally and globally. For example, in rural Hampshire where the county council has paid to install infrastructure, over 75% of households have taken up superfast services. Universal access to superfast broadband should be a national priority for all areas – rural or urban. Without investment in broadband infrastructure across the rural South East, these areas will not be able to participate in the digital community or economy**. In future to avoid creating a digital deficit for newly built homes or employment sites, broadband companies should be treated as an essential utility provider and required to engage in the planning process at the earliest stages.**

Yours sincerely

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