

**From: Derek Murphy, Cabinet Member – Economic Development
Simon Jones, Corporate Director – Growth, Environment and Transport**

**To: Growth, Economic Development and Communities Cabinet Committee
– 13 January 2022**

Subject: Growth, infrastructure, and planning reform

Classification: Unrestricted

Past Pathway of report: None

Future Pathway of report: None

Electoral Division: All

Summary: This report introduces the Kent and Medway Growth and Infrastructure Framework (GIF), the Kent County Council (KCC) response to the 2020 Planning White Paper and potential resourcing implications relating to developer contributions.

Recommendation(s):

The Growth, Economic Development and Communities Cabinet Committee is asked to note and discuss the report.

1. Introduction

- 1.1 Following on from the Development Contributions paper presented to the Growth, Economic Development and Communities Cabinet Committee on 17 November 2021, this report introduces Members to the Kent and Medway Growth and Infrastructure Framework (GIF) 2018, the changing context since its publication and current workstreams which will, in time, provide a comprehensive update on infrastructure and growth.
- 1.2 A summary of the KCC response to the Planning White Paper (submitted 29 October 2020) is also provided following its presentation to the Cabinet on 12 October 2020, alongside an update on KCC resourcing to maximise the level of infrastructure funding and in response to current and expected planning reforms.

2. Growth and infrastructure across Kent

- 2.1 The GIF was a pioneering document providing a strategic picture of the growth planned in adopted Local Plans prepared by districts, as well as the infrastructure requirements needed to support growth across Kent and Medway to 2031. It was originally compiled by consultants AECOM (2016) and then substantially updated in-house and republished (2018). It was fundamentally a lobbying document and has been used extensively for this purpose. It was chosen as a winner for the ‘Excellence in the Planning to Deliver Infrastructure’ category of the Royal Town Planning Institute

(RTPI) Southeast Planning Awards 2016, being recognised at that time for its innovative approach and how it was (and still is) being used to shape the infrastructure agenda.

- 2.2 The GIF identified that £16.4bn of infrastructure would be required across Kent and Medway to support the delivery of 178,600 homes by 2031 (based on housing trajectories as of October 2017 for the time period 2011/12 – 2030/31). Within the GIF, all infrastructure projects were categorised into six service sectors: Community and Culture; Education; Health and Social Care; Natural Environment; Transport; and Utilities. For each infrastructure sector, the GIF provided the infrastructure cost breakdown of ‘expected’ and ‘secured’ funding (i.e., what has been secured through development contributions or what could be expected from Government funding) and the infrastructure ‘gap’ – i.e., the projects where it was not known where the funding would come from.
- 2.3 The GIF also recognised that cross-county infrastructure schemes were and remain critical to the area’s growth potential and provide connectivity that will significantly impact growth across Kent looking ahead to 2031 and beyond. As such, “wider than Kent” projects (e.g., Lower Thames Crossing and the Crossrail to Ebbsfleet proposal) were included in the GIF costings. For instance, the GIF identified the Crossrail to Ebbsfleet proposal (as part of the Abbey Wood to Ebbsfleet Transport Study) as a strategic priority but classed it as an unfunded scheme. The inclusion of cross-county projects had a significant impact on the overall costs.

	GIF 2018 Update	
Housing growth (2011-2031)	178,600	
Population growth (2011-2031)	396,300	
New jobs	170,300	
	With cross-county projects	Without cross-county projects
Total infrastructure requirement	£16,376,314,000	£5,469,162,000
Infrastructure funding gap	£3,956,994,000	£1,440,458,000

- 2.4 The GIF calculated a total funding gap of **£3.96bn** that would need to be filled in order to deliver all of the infrastructure required to support planned housing and economic growth to 2031. As illustrated in chart 1 below, 76% of the infrastructure funding gap related to non-KCC infrastructure. Of that non-KCC segment, two thirds of the gap related to the Crossrail to Ebbsfleet proposal (£2 billion).

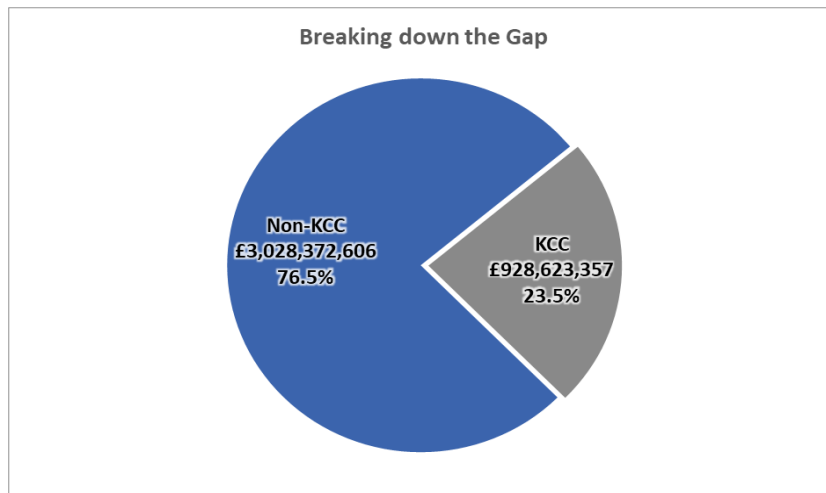


Chart 1: Breaking down the funding gap

- 2.5 A preferred option for the Crossrail to Ebbsfleet proposal has been identified (November 2021), however, timeframes for the proposal have changed, meaning that it would not take place within the current GIF timeframe.
- 2.6 One of the tools available to KCC to fund infrastructure is via the use of developer contributions. These section 106 legal agreements are commonly used by the County Council and commit developers to provide sums of money towards infrastructure that would mitigate the impact of new development and support the delivery of sustainable communities. Over the past five years, KCC has secured nearly £300m in developer contributions (including £98m in the last financial year 2020/21). For illustrative purposes, this is broken down into the GIF service sectors in chart 2 below.
- 2.7 It should be noted that because KCC provides commissioned services for Adult Social Care, the majority of these services are considered as revenue-based and therefore not eligible for developer contributions.
- 2.8 Since 2019, Government policy means it is now a requirement for all local authorities to publish information about developer contributions, including how much has been secured, spent, or retained. This publication is called an Infrastructure Funding Statement. Further information on KCC's Infrastructure Funding Statements for 2019/20 and 2020/21 can be found on the KCC website. A paper on KCC's Infrastructure Funding Statement 2020-2021 was taken to the Growth, Economic Development and Communities Cabinet Committee on 17th November 2021 – agenda item 6).

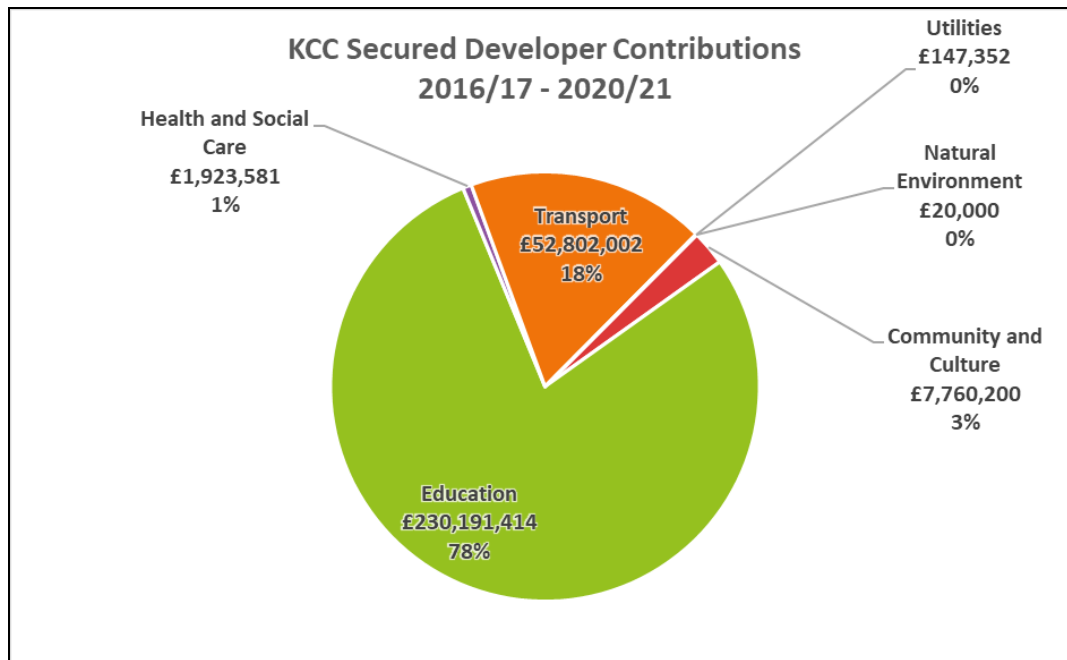


Chart 2: KCC secured developer contributions

- 2.9 Building on the original 2016 and 2018 GIFs, work is now being undertaken to provide a comprehensive update on infrastructure and growth. A digital platform is being developed to deliver an accessible and interactive spatial view of Kent-wide planned housing growth and infrastructure data (up to 2040).
- 2.10 Using a methodology similar to that used for the GIF, the digital platform will provide robust analytics and a strong foundation from which to have early and meaningful discussions with key stakeholders around strategic and local growth options. It will assist in the planning around funding and financing that will be sought via developer contributions and other funding routes to secure the necessary infrastructure to support sustainable growth. It will be vital in enabling the important early conversations about delivery of infrastructure, particularly once further clarity emerges in respect of the proposed White Paper reforms around the duty to cooperate.
- 2.11 The project is at an early stage. Data gathering exercises are being carried out to provide a better understanding of the data available, and how it can be incorporated into a platform. A pilot platform, focused on East Kent could be available by mid-2022, ahead of the platform being broadened out to the whole of Kent. It will have a key role in underpinning the Infrastructure Proposition, which is referred to in paragraph 3.7 below

3. A changing picture – housing, infrastructure, and planning reforms

- 3.1 The GIF provided a 20-year picture of housing growth (from 2011 to 2031), using adopted Local Plan figures. Annual housing delivery data enables a comparison of the planned housing with what was actually built, over the past five years (2015/16 – 2019/20).

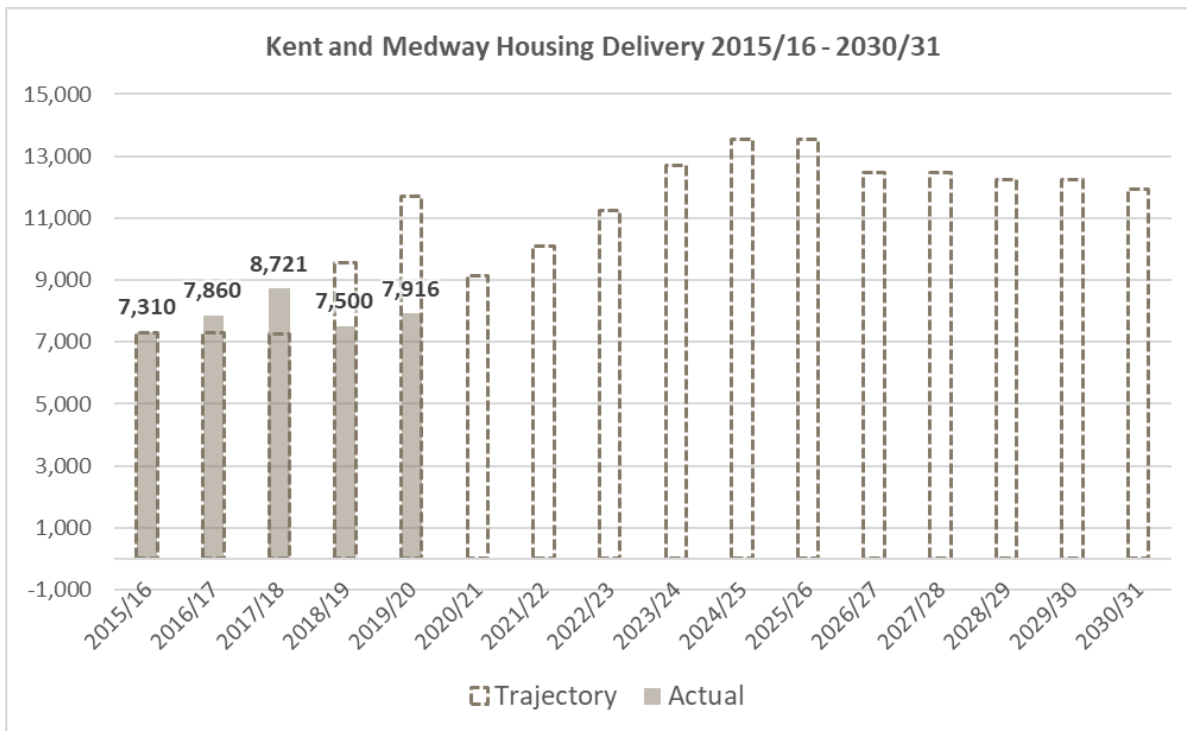


Chart 3: Kent and Medway Housing forecast and Delivery (Source: Kent Analytics)

- 3.2 Kent and Medway delivered 3,800 fewer houses than the GIF projected between 2015/16 and 2019/20. The trajectory from 2020/21 onwards reflects the latest housing figures provided to KCC. These are submitted annually by each district and reflect their latest position in terms of housing completions, five-year housing land supply and local plan trajectory.
- 3.3 Whilst there has been a dip in delivery in the past two years compared to what was presented in the GIF (using adopted Local Plan housing figures), recent housing delivery in Kent remains high in comparison to the rest of the country. In the period 2015/16 – 2019/20, excluding Unitary Authorities and London Boroughs, Kent delivered the second highest volume of housing, after only the Metropolitan County area of Greater Manchester¹.
- 3.4 In 2018, Government introduced the standard method for assessing housing need, intended to make assessing the minimum number of homes needed easier and more transparent. The new standard method has resulted in significant increases in housing need across most of Kent districts and boroughs as they plan for new housing and infrastructure in their Local Plans.
- 3.5 The latest projections now suggest 190,700 homes will need to be provided in the 20 years between 2011/12 and 2030/31, compared to 178,600 set out in the GIF.
- 3.6 Housing and population growth has far outpaced the delivery of the infrastructure required to sustain it. Combined with unprecedented funding challenges, local services across the County are under ever-growing pressure. The increased level of

¹ Based on analysis of [ONS Table 253: permanent dwellings started and completed, by tenure and district](#)

housing need and pressures on infrastructure and services indicate the need for a new way of funding and delivering infrastructure.

- 3.7 The Infrastructure Proposition looks to address key actions in the GIF, in respect of defining the investment gap and working with Government and partners to ensure that there is clear recognition of the shortfall in capital investment identified in delivering planned, high-quality growth across Kent and Medway (GIF action 1), taking a place-based approach (GIF action 2), and looking at mechanisms that may help fund infrastructure (GIF action 3).
- 3.8 It is a place-based proposition that is being developed with Government, to attract new investment and planning flexibilities into Kent and Medway. The approach indicates how, with greater infrastructure investment and - crucially - planning flexibilities, Kent could better deliver and manage good growth. As part of this work, critical local infrastructure priorities across the county are being captured to plan strategically for growth and support specific local bids for infrastructure funding. The 'Infrastructure Proposition' seeks to:
- Secure new funding for critical infrastructure across the county to release and accelerate growth
 - Explore opportunities to grant Kent and Medway new planning flexibilities and freedoms through shared infrastructure planning
 - Establish a new way of working with Kent and Medway across Government to support both local growth ambitions and public service infrastructure where growth has already been delivered and public services are under strain
- 3.9 A response to the joint letter signed by Kent and Medway Leaders sent to the Secretary of State on 6th September 2021 was received, welcoming the “shared focus on placemaking and commitment to housing and wider growth... recognising [our] work on “Infrastructure First” ...[as] an important element of Kent and Medway being able to make well-evidenced and joined up bids for available funding.” This supports our approach that work should be strongly evidence-based with clear links between investment and delivery.

4. Planning reforms and changes to funding infrastructure

- 4.1 The Planning White Paper was published in August 2020 by the Rt Hon Robert Jenrick MP, who at the time was the Secretary of State for Housing, Communities and Local Government. It proposed major reforms to significantly simplify, accelerate and create a more predictable planning system.
- 4.2 The White Paper consultation put forward 22 proposals, based around three pillars (planning for development; planning for beautiful and sustainable places; and planning for infrastructure and connected places). The reforms included proposals to streamline the planning process, introduce a zoning approach to plan making, introduce binding housing requirements, remove the duty to cooperate and introduce reforms to developer contributions.
- 4.3 Proposal 3, to remove of the legal requirement for the Duty to Cooperate - is of particular interest. It is not yet clear what mechanisms would replace the Duty to

Cooperate and significant further detail is required on strategic planning across local authority boundaries and with infrastructure providers. There are many types of infrastructure and service provision (transportation, waste, and education to name just a few of those applicable to KCC) that cross district boundaries and need to be considered by more than one local authority.

- 4.4 Proposal 19, to “Introduce an Infrastructure Levy with a mandatory nationally-set rate/s (abolish the current system of planning obligations)”, is especially pertinent for the County Council in the delivery of its infrastructure and services.
- 4.5 The proposal presented in the White Paper is for the Community Infrastructure Levy (CIL) and section 106 processes to be abolished and replaced with a new Infrastructure Levy. The Levy is proposed to be a fixed proportion of the value of development (above a set threshold) and intended to be focused where affordability pressure is highest, to stop land supply being a barrier. Councils would be allowed to borrow against Infrastructure Levy revenues to forward fund infrastructure, with more freedom proposed on the ability of councils to spend the monies.
- 4.6 The current mechanism for the CIL fundamentally does not fully address the issue of infrastructure funding and can often be to the detriment of the provision of essential and strategic infrastructure, such as education. This creates significant additional financial pressure on providers of statutory services and in particular, county councils. Whilst a nationally applied tax could be successful, clarity was not provided on how the Infrastructure Levy rate (i.e., a fixed proportion of the value of the development, above a set threshold) could be set, which body would be the charging/administrative authority or how the levy will be distributed.
- 4.7 Clarity was also not provided within the White Paper regarding how county councils would receive contributions and there is general concern around how county councils would gain access to Infrastructure Levy funds. The proposal to remove section 106 agreements and CIL would be a fundamental shift. Details have yet to be presented as to how this would work in practice.
- 4.8 The current section 106 system, whilst not perfect, is an effective tool to secure essential infrastructure and statutory services whereas CIL has proved ineffective and inadequate. There is often a significant reliance by KCC on the use of section 106 agreements, particularly for major or strategic sites. Therefore, should an Infrastructure Levy be introduced, the County Council response (see paragraph 4.9) set out that it should aim to capture more than the current mechanisms tend to allow, to support greater investment in the infrastructure that is essential to support growth and deliver sustainable and future proofed communities.
- 4.9 A report was taken to the County Council’s Cabinet on 12 October 2020 outlining the key reforms set out in the White Paper, particularly in respect of their implications for the County Council. Cabinet was asked to provide comment on matters to be included in the KCC response, which was submitted on 29 October 2020.
- 4.10 In September 2021, the Rt Hon Michael Gove MP replaced Rt Hon Robert Jenrick MP and is now the Secretary of State at the newly named Department for Levelling Up, Housing and Communities. There has been very little formally announced in respect of

how the new Secretary of State will now take the planning reforms forward. However, in November 2021, the Housing Secretary presented his planning priorities to the cross-party Housing, Communities and Local Government Select Committee. They included:

- A greater focus on beauty in new schemes
- Digitalising the planning system
- Simplifying plan-making
- Achieving net zero carbon emissions in new housing
- Giving communities a greater say over development
- Reforming infrastructure funding

4.11 The Government's final response to the White Paper remains outstanding and based on the latest understanding of officers, is anticipated to be published in early 2022. The Planning Bill is not expected to be published before the middle of 2022.

4.12 In December 2021, "The Future of Strategic Planning in England" report by the County Councils Network (CCN) was published, which proposes new arrangements to help ensure that local infrastructure is not overburdened by new housing development and could assist with the government's levelling up agenda. It proposes a 'Strategic Growth Plan' to provide a framework (but not supersede) individual councils' Local Plans. These proposals are being put forward to Government for inclusion within the revised planning reforms to ensure strategic planning matters continue to be considered in the absence of the duty to cooperate mechanism.

5. Resourcing public planning

5.1 The Royal Town Planning Institute (RTPI) has undertaken research to explore the level of resourcing in planning and what level of resourcing might deliver the places and homes we need. Its Research Paper "Resourcing Public Planning" (July 2019) examines the current level of resourcing, points to problems arising from reduced expenditure and makes a case for increased spending on planning as an efficient way of delivering social outcomes.

5.2 It makes the case for investment in planning as a way of delivering against the objectives of central and local government and proposes doubling investment in planning in England, as well as other solutions (including training and apprenticeships). It argues that with more resourcing and powers, planning can help tackle the most important issues on the horizon.

5.3 The White Paper stated that the cost of operating the new planning system should be principally funded by the beneficiaries of planning gain (landowners and developers), rather than the national or local taxpayer. It was suggested that a small proportion of the income of developer contributions via the proposed Infrastructure Levy could be earmarked to cover overall planning costs (including Local Plans and design codes).

5.4 It is likely that there would be a high financial cost to implement all the proposed new reforms and ways of working, but no proper indication was provided as to how the proposed combination of a slice of the infrastructure levy and nationally based planning fees would cover costs. Concerns were raised in the KCC response as to

whether the fees proposals would adequately cover the full costs of running a planning service.

- 5.5 In the meantime, KCC is looking to adapt existing capacity and resources to maximise KCC's infrastructure funding, within the Growth and Communities Division. This will include aligning resources to respond to some of the challenges outlined above. Any resourcing model will potentially need to consider any future Department for Levelling Up, Housing and Communities (DHULC) plans for reform.

6. Financial Implications

- 6.1 There are no financial implications with this report. Paragraph 5 above has relevance, however.

7. Legal implications

- 7.1 No decision is required.

8. Equalities implications

- 8.1 There is no proposed decision requiring an Equality Impact Assessment. The digital platform described at 2.9 will be the subject of an Equality Impact Assessment as part of its development.

9. Other corporate implications

- 9.1 As indicated throughout this paper, KCC's approach to infrastructure funding and resourcing has implications across a range of statutory county council functions.

10. Governance

- 10.1 There is no proposed decision requiring a scheme of delegation.

11. Recommendation

Recommendation:

The Growth, Economic Development and Communities Cabinet Committee is asked to note and discuss the report.

10. Background Documents

- 10.1 Kent and Medway Growth and Infrastructure Framework (2018):
<https://www.kent.gov.uk/about-the-council/strategies-and-policies/environment-waste-and-planning-policies/growth-and-infrastructure-framework-gif>
- 10.2 Planning for the Future White Paper August 2020:
<https://democracy.kent.gov.uk/documents/s108632/MHCLGPlanningConsultation.pdf>

- 10.3 KCC response to the Planning White Paper (August 2020):
<https://democracy.kent.gov.uk/documents/s108630/PlanningfortheFutureWhitePaper.pdf>
- 10.4 Resourcing Public Planning – RTPi Research Paper (2019):
<https://www.rtpi.org.uk/media/5906/resourcingpublicplanning2019.pdf>
- 10.5 KCC's Infrastructure Funding Statement 2021-2022:
<https://www.kent.gov.uk/about-the-council/strategies-and-policies/environment-waste-and-planning-policies/infrastructure-funding-statement-2019-2020>
- 10.6 A letter signed by Kent and Medway Leaders sent to the Secretary of State (6 September 2021):
<https://democracy.kent.gov.uk/documents/s108631/KentCouncilLeadersInfrastructureletter.pdf>
- 10.7 A response to the joint letter signed by Kent and Medway Leaders sent to the Secretary of State:
<https://democracy.kent.gov.uk/documents/s108633/DLUHCResponse.pdf>

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