

From: Matthew Balfour, Cabinet Member – Environment and Transport
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To: Environment and Transport Cabinet Committee – 21 July 2015

Subject: **Kent and Medway Growth and Infrastructure Framework**

Classification: **Unrestricted**

Past Pathway of Paper: Growth Economic Development and Communities Cabinet Committee 7 July 2015

Future Pathway of Paper: Kent Leaders, Kent and Medway Economic Partnership

Electoral Division: Countywide

Summary:

This paper informs Members of the work that has been carried out to develop a Growth and Infrastructure Framework for Kent and Medway which sets out a clear picture of the infrastructure needed to facilitate growth across the county to 2031 and quantifies the funding gap for provision of this infrastructure. The outcomes of this work will be a document that gives a strong voice for Kent and Medway in:

- a) a conversation with Government and other funding partners to articulate the potential growth in Kent and Medway and to discuss options for plugging the funding gap;
- b) discussions with London as they tackle the issue of how to meet their own housing needs.

Recommendation(s):

The Cabinet Committee is asked to;

- a) note the work that has been carried out to produce the Growth and Infrastructure Framework for Kent and Medway;
- b) and comment on the presentation accompanying this report.

1. Introduction

- 1.1 In December 2014 KCC commissioned consultants Aecom to develop a Growth and Infrastructure Framework (GIF) for Kent and Medway. The purpose of this document is to establish the infrastructure required to support growth in the county to 2031, cost that infrastructure, assess the funding likely to come forward during that period and hence establish the extent of any funding gap. The objective of this work is to:

- a) Provide an evidence base on which to start a conversation with Government on how we plug any funding gap and hence deliver the necessary infrastructure to support the growth Kent and Medway has planned to 2031;
- b) Provide an evidence base for use in engaging with London as it considers how it can accommodate its identified housing need
- c) Provide a strong voice for Kent and Medway in the growth agenda.

2. Developing the Growth and Infrastructure Framework

- 2.1 KCC commissioned Aecom in December 2014 to carry out phase 1 of the work to develop the GIF. This was a desktop exercise comprising:
 - Establishing the growth planned for Kent and Medway to 2031 based on the district authorities and Medway Council's Local Plans;
 - Considering forecast population growth and demographic changes over that time;
 - Considering economic factors likely to impact on growth and hence infrastructure required;
 - Assessing and costing the infrastructure required to facilitate this growth;
 - Estimating the funding that will be available during this time period; and lastly,
 - Establishing the resulting funding gap.
- 2.2 Phase 1 completed in February 2015 providing a broad outline of the above. It was recognised however that further detail and validation was required if the GIF was to be used as a robust evidence base for the discussions outlined in section 1. Phase 2 of this work commenced in late February and is currently nearing conclusion.
- 2.3 Phase 2 work builds on the earlier desktop exercise by seeking validation through engagement with stakeholders. This involved meetings with every local authority and Medway Council, the utilities providers, a wide range of KCC service providers (adult social care, education, highways, waste, flood protection, leisure, green infrastructure, community education etc), the further and higher education sector and health sector.
- 2.4 A thorough analysis was also undertaken on the population forecasts used within the model as well as the costings allocated to the infrastructure requirements. In determining the funding likely to be available to 2031, this work considered funding from Government, potential developer contributions through Section 106 agreements and Community Infrastructure Levy (CIL) as well as other potential sources of funding.
- 2.5 To support the analysis of potential developer contributions, work was carried out on viability across the county acknowledging that certain areas in Kent have a greater ability to generate developer contributions than others. This analysis will be particularly helpful in discussions with government around the existing CIL and developer contributions system and its ability to generate sufficient funding to finance the infrastructure required to support development.

3. Findings of the Growth and Infrastructure Framework

3.1 Headline figures emerging from the GIF in the period to 2031 are:

- 158,500 new homes are planned for delivery along with 135,800 new jobs
- The population of Kent and Medway will grow by 293,300 people during that time, equating to 17% population growth
- The infrastructure required to enable this growth will cost £6.7 billion (excluding a new Lower Thames Crossing)
- An estimated £4.7 billion is either secured or expected to come forward during this period
- Leaving an infrastructure funding gap of £2 billion. It should be noted that further refinement work is ongoing, particularly with regard to information coming from the health sector, and as such this funding gap figure may change as the GIF is finalised.

3.2 For the GIF to continue to be a useful piece of work, it will be important to keep it current and as such, work is now being undertaken to consider the mechanism by which this can be achieved. In addition, there is the potential to test alternative delivery models for infrastructure, for example how health or utilities are delivered in future and how this will impact on the County's future infrastructure funding requirements.

4. Conclusions and next steps

4.1 The GIF for Kent and Medway has the potential to be a powerful piece of work. Next steps in the process are to:

- a) finalise the current phase of work to include final comments from key stakeholders such as the health sector and the district authorities and Medway Council;
- b) seek endorsement from partners and the Kent and Medway Economic Partnership;
- c) establish the key messages to take to Government;
- d) establish a mechanism by which the GIF can be updated at regular intervals and,
- e) identify scenarios of alternative delivery models for testing.

5. Recommendation(s):

The Cabinet Committee is asked to;

- a) note the work that has been carried out to produce the Growth and Infrastructure Framework for Kent and Medway;
- b) and comments on the presentation accompanying this report.

6. Background Documents

Kent and Medway Growth and Infrastructure Framework – July 2015:
<https://democracy.kent.gov.uk/documents/s53634/150710%20Kent%20and%20Medway%20GIF%20Final%20Low%20Res%20DRAFT.pdf>

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