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**To:** Scrutiny Committee

**Subject:** Progress report on Kent and Medway Growth and Infrastructure Framework

**Classification:** Unrestricted

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**Summary:** This report responds to a request from Scrutiny Committee and reports on the progress made in respect of the Kent & Medway Growth and Infrastructure Framework, the interim refresh and the onward programme of work for the 2017 update.

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## **Introduction**

1. In 2015, KCC published the Kent and Medway Growth and Infrastructure Framework (GIF), a first of its kind in assessing the predicted levels of housing and economic growth for the county and the infrastructure needed to support this. The analysis showed a significant gap between the funding required and that anticipated/secured from central government, development contribution and other investment. Of the £6.74 billion investment needed, a third (£2.01 billion or £118 million pa) was still required to support the predicted 158,500 new homes, 293,300 new people and 135,800 new jobs within the county between now and 2031.

2. The publication of the GIF was not the conclusion of this work. The GIF has provided a tool and a platform from which to engage with Government and other partners, including private sector investors, in how we meet that funding gap. An action plan was developed, which centred on working with partners and Government to find ways of making the most of the resources we have; finding innovative ways to secure funding and investment; and unlocking the value we can create from development, present and future, to invest in the infrastructure that is so critical to making growth happen.

3. This report sets out progress against this action plan, introduces the refreshed data and outlines on the onward work programme.

## **Achievements of the last year**

4. The 10 point action plan set out in the GIF (see appendix 1) provides the starting point to measure progress over the past year, which includes:

- 1) Using the GIF to attract investment

- (a) Use of the GIF to prioritise and provide robust evidence to support the Southeast Local Enterprise Partnership submission (July 2016) to Government for Local Growth Fund Round 3 funding of £69.8m
- (b) Use of the GIF to underpin the emerging Local Transport Plan 4 which sets out the county's strategic transport priorities.

## 2) Using the GIF to engage with London and the Southeast

- (a) Work with South East Strategic Leaders, South East Planning Officers Society and South East Officers Group to raise awareness and join up efforts on the infrastructure challenges across the South East region.
- (b) Work with Greater London Assembly (GLA) to consider London demographics and the population forecasts. In time, this will include examining how the GLA's model on inward/outward migration can be used to understand and address some of the impacts of London's growth in Kent.
- (c) Progress on the development of a shared programme of work for KCC that is delivering a Single Forecasting System, Single Monitoring System and GIF Single Communications Channel. These systems will enable KCC to forecast, monitor and communicate Kent's infrastructure needs more clearly and effectively to developers and districts, and ultimately, enable KCC to robustly and effectively monitor the attraction of and deployment of developer contributions to deliver infrastructure to support growth.

## 3) Engaging with key infrastructure providers

- (a) Establishment of the Kent Utilities Engagement Sub-Committee (covering water, gas, power and telecommunications) to engage with the relevant bodies, with aim of ensuring that utility companies understand the growth ambitions across the county and plan accordingly.
- (b) Regular liaison (officer and member attended) with Kent's three largest water utility companies continues and similar engagement Southern Gas Networks, UK Power Networks and OFGEM is in development.
- (c) Work with Health and Wellbeing Boards to identify how the GIF can assist with better joint working and ultimately with Sustainable Transformation Plans.

## 4) Using GIF as a platform for engagement

- (a) Engagement with the districts around GIF refresh, LTP4 and LGF.
- (b) Regular liaison with Kent Developers Group, with GIF a standing item on the group's agenda as a platform for identifying shared issues in the delivery of growth and infrastructure.
- (c) Development of a Growth and Infrastructure Communications Strategy, which closely aligns communication work to that also being undertaken for the LGF.

5. In addition, the GIF has recently received the Royal Town Planning Institute (RTPI) award for Delivering Infrastructure Through Planning for the Southeast for 2016, recognising the innovative approach being taken by Kent in not only creating the evidence base but in how it is now being used to shape the infrastructure agenda.

### **GIF interim refresh: 2016**

6. The GIF is only as good as the data it is based on and following revised housing figures from a number of the districts, it was agreed that an interim refresh would be commissioned to reflect new housing and population forecasts. This refresh would also address:

- 1) Revised education needs based on latest commissioning plan;
- 2) Further district input to ensuring that the GIF accurately reflects district priorities;
- 3) A more accurate picture of utilities, broadband and waste;
- 4) A perspective on maintenance as well as capital costs;
- 5) A fuller understanding of the “impact” of London – migration and housing; and
- 6) General amendments to address some concerns raised by stakeholders.

7. A period of informal consultation with districts was undertaken to ensure that they concurred with the revised housing and population figures and to gain their buy-in and support of the work. Likewise, KCC services were given the opportunity to review and revise the infrastructure chapters.

8. The revised figures have shown a marked increase in population forecasts, owing to changes in the assumptions used to predict growth. Unsurprisingly this increase in population has an associated rise in predicted housing and infrastructure requirements and costs.

<b>Calculation</b>	<b>2015</b>	<b>2016</b>
New homes (25% Growth)	158,500	188,200
New people (24% Growth)	293,300	413,900
New jobs (19% Growth)	135,800	135,800
Total infrastructure costs	£6,740,580,000	£7,113,740,000
Total secured funding	£704,140,000	£723,820,000
Total expected funding	£4,028,910,000	£4,142,280,000
<b>Total funding gap</b>	<b>£2,007,520,000</b>	<b>£2,247,650,000</b>
<b>% of infrastructure funded</b>	<b>70%</b>	<b>68%</b>

9. Implications of the new findings include:

- 1) An annual population growth of c.17,300 per year
- 2) An annual target for housing delivery in Kent and Medway of 9,410 per annum – almost twice the actual average.

- 3) Across the county there are notable differences between target actual delivery of housing. In some cases, the future target completion rates are twice the actual average delivered in previous years.
- 4) Delivering the expected increased rate of housing will not just be down to planning functions. It also relies on planning permissions being implemented in good time and other levers, such as infrastructure, enabling the growth to be accelerated.
- 5) The increase in the estimate of infrastructure needed has not been accompanied by a subsequent increase in either secured or expected funding to match that increased need. The gap has gone from just over £2bn to £2.25bn, meaning that just 68% of the infrastructure required to 2031 is funded. As such, the infrastructure challenge, if anything, has grown in significance.
- 6) Data pulled together by KCC's intelligence team has identified the continued pressure from internal migration on Kent's population figures and the particular focus of this pressure from London.
- 7) Maintenance of infrastructure is a growing issue that needs consideration alongside the delivery of new infrastructure. For the first time, the GIF starts to refer to the maintenance costs and highlights that delivery of new infrastructure must be made with a fuller understanding of the ongoing maintenance obligations it will place in future years on KCC.

### **Proposed next steps**

10. With the refresh now complete, further work will be undertaken to ensure that KCC is proactively positioned to use the GIF to unlock some of the key barriers standing in the way of progress in this agenda:

- 1) Pro-active engagement with the new Government, including Department for Communities and Local Government and Department for Transport, to introduce the uninitiated to the GIF and our key messages, as well as our key infrastructure priorities. This will also include developing and then taking to government the following policy priorities:
  - (a) Forward funding for complex but critical infrastructure.
  - (b) Review of the five year land supply policy and its discharge.
  - (c) Review of the "Redbridge issue"<sup>1</sup> and the impact this has on infrastructure provision. This is a high-level issue that will need to be taken up with the Local Government Association, London councils and Government. It is proposed that KCC undertake to engage with London Councils to try to establish a MoU or concordat between Kent and London which sets out some basic principles for how we expect to be engaged when such moves are taking place.

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<sup>1</sup> The purchase of a lease of ex-military housing at Howe Barracks in Canterbury by Redbridge Council highlighted a potential growing issue for Kent, as well as other counties surrounding London. The move, which placed Redbridge families into Canterbury, came with little notice or subsequent communication with KCC or the City Council and without any compensation for the additional burden on infrastructure that would be incurred as a result.

- (d) Renewed focus on Kent's strategic infrastructure priorities and the importance of this infrastructure to support an increasingly significant international gateway.
  - (e) Issues arising from the introduction of CIL in some of our districts
- 2) Engagement with the new London Mayor's office to explore a more robust collaboration in the development of the London Plan.
  - 3) Continued engagement of the utilities through the Utilities Engagement Sub-Committee and development of recommendations for improvements to the way in which utilities are delivered in line with growth.
  - 4) A fuller picture of the county's commercial forecast in the GIF, developing a strategic understanding of both existing and forecast development, together with an assessment of the quality of that accommodation against growth sectors and their needs;
  - 5) Collaboration with the Housing Finance Institute on utilities dependency mapping, to identify infrastructure constraints geographically in order to target further the county's efforts to overcome barriers to sustainable growth.
  - 6) Prepare a prospectus on Accelerating Housing Solutions, with Kent Developers Group, Kent Housing Group and the Homes and Communities Agency, to put forward several game-changer solutions to unlock potential for accelerated housing growth; and
  - 7) Strengthen emphasis on place-making: championing high quality design through the development and support of robust policies in Local Plans and exploring the levers KCC has to promote high quality design in the delivery of both housing and resilient infrastructure.

### **Full GIF update for 2017**

11. Whereas the interim refresh was externally commissioned, the full 2017 update will be undertaken in-house. By establishing systems in-house now, the Council will be able to more easily refresh the Framework when new data is released.

12. As part of this full refresh, work has commenced to develop a better online platform for the Framework, which enables the user to navigate and interrogate the data. The intention is to have a basic system in place by the end of 2016/17.

13. The full refresh will incorporate:

- 1) A re-examination of the methodological approach, which will look to refine the process to give the most accurate picture throughout. With such a refinement, there could potentially be some swings in the data as a result.
- 2) A picture of Council Tax base and how it is impacted by the growth projections identified in the GIF
- 3) A clearer understanding of the "customer grief factor" with some of our key infrastructure. For instance, in the case of highways, congestion on the network, delays and cost to the economy and our customers
- 4) Full incorporation of work being undertaken in the accommodation strategy being developed by Social Care colleagues

- 5) An understanding not only of the volume of housing being planned and delivered, but a clearer idea of the types of housing, including proportions of social and affordable housing

14. The revised set of housing and population figures will be available for services to begin updating their infrastructure requirements in light of the new data in November 2016. The GIF will then be updated with these February to April 2017, with a draft in May 2017. Work has already been undertaken with districts and internal KCC partners to refine the brief for the full GIF update.

#### **Financial implications**

15. The GIF 2016 interim refresh was delivered via a commission with Aecom for £22,000.

16. The work set out in Proposed next steps (point 10) will be delivered using existing staff resource. The full 2017 update will be undertaken in-house, although some work may need to be commissioned in respect of the design for 2017 report, the online platform for the GIF and supporting data; this will be covered by existing budgets.

#### **Legal implications**

17. This work has no legal implications for the County Council

#### **Equalities implications**

18. An equalities impact assessment EQIA is being prepared.

#### **Recommendations**

The Committee is asked to consider progress and development of the GIF to date and to consider/comment on the next steps outlined in this report.

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Background Information:

*Kent & Medway Growth and Infrastructure Framework 2015:*

*Kent & Medway Growth and Infrastructure Framework 2016*

[www.kent.gov.uk/gif](http://www.kent.gov.uk/gif)

## **APPENDIX A: GIF Action Plan**

### **Action 1: Innovation in financing**

Discussions with Government on the shortfall in capital funding growth and work collaboratively to find 'new innovative ways' of closing the funding gap (e.g. Tax Increment Funding (TI F), Institutional Investment, better application of CIL etc).

### **Action 2: A single Infrastructure Delivery Plan for Kent**

Explore the feasibility of producing a single Infrastructure Delivery Plan for Kent and Medway reflecting the robust partnership working with the district authorities and Medway.

### **Action 3: A stronger relationship with London and the Southeast**

Engage with South East Strategic Leaders and the County Councils in the South East on strategic issues and priorities, in particular transport, including linkages to London and radial routes to better connect the wider South East.

### **Action 4: Reform of CIL and developer contributions**

Engage Government, using existing networks such as the County Councils Network where appropriate, to explore means of refining the current CIL and developer contribution mechanisms to better take account of varying viability in different areas of the country, to maximise the potential of CIL .

### **Action 5: The potential for private sector investment**

Open discussions with the private sector including the development, pension and insurance sectors, and other investment sectors to explore the feasibility of establishing an 'Institutional Investment' pot for infrastructure and other mechanisms that may help fund infrastructure.

### **Action 6: A stronger relationship with the utilities**

We will collaborate with the utilities sector to seek improved medium to long term planning aligned to the County's growth plans. A key role for the public sector will be to hold utilities companies to account to make the necessary capital investment. Through establishing County Council scrutiny arrangements for utility provision (which have the opportunity to feed into OFWAT, OFGEN, etc) matching utility companies' capital investment plans to the growth plan.

### **Action 7: Maximise the public estate**

We will use the One Public Estate pilot commencing across Kent to seek to ensure we are maximising opportunities to lever in investment opportunities to fund and support growth.

### **Action 8: Ensuring the GIF is a "go-to" reference for infrastructure priorities**

The GIF will be regularly refreshed to reflect the ongoing development of the Kent and Medway Local Plans and to enable refinement of many of the areas of evidence within the framework including costs and future funding assumptions.

### **Action 9: An integrated approach to planning and delivering growth**

Monitor annually on a district-by-district basis:

- Progress of Local Plans;

- Delivery of housing and employment space;
- Receipts from developer contributions and CIL ;
- Public and private sector investment in the county, including into the health and social care sectors and;
- Utility company capital investment.

**Action 10: A robust design agenda for Kent and Medway**

Consider how we can build on and refine current activity in the county aimed at ensuring high quality design, including working with Kent Planning Officers Group and Design South East and updating the Kent Design Guide where required.