

**From:** Barbara Cooper, Corporate Director of Growth, Environment and Transport

**To:** Mike Whiting, Cabinet Member for Planning, Highways, Transport and Waste

**Decision No:** 17/00137

**Subject:** Kent and Medway Growth and Infrastructure Framework 2017 Update

**Classification:** Unrestricted

**Past Pathway of Paper:** Scrutiny Committee on 9 November 2016  
Environment & Transport Cabinet Committee on 17 November 2016

**Future Pathway of Paper:** N/A

**Electoral Division:** All

## Summary

The Kent and Medway Growth and Infrastructure Framework (GIF) was first published in 2015. The GIF is a first of its kind strategic framework that assesses housing and economic growth and the associated infrastructure funding needs for the county up to 2031.

Throughout 2017, an update to the Kent and Medway Growth and Infrastructure Framework has been prepared. This paper provides the Cabinet Committee with the high level figures and messages emerging from the GIF 2017 Update, as well as actions that are identified to unlock key barriers to growth. The full draft GIF 2017 Update is included at **Appendix B** of the report.

## Recommendation

The Cabinet Member for Planning, Highways, Transport and Waste is asked to agree to the GIF 2017 Update attached at **Appendix B**, with any minor modifications as necessary.

## 1. INTRODUCTION

- 1.1. In 2015, KCC published the Kent and Medway Growth and Infrastructure Framework (GIF). The GIF is a first of its kind assessment showing the predicted levels of housing and economic growth for the County and the infrastructure needed to support this. The original GIF analysis showed a significant gap between the funding required and that anticipated/secured from central government, development contributions and other investment.

- 1.2. The GIF has given KCC and partners a platform from which to engage with Government and other stakeholders, including private sector investors, as to how to address the funding gap, including looking to find innovative ways to secure funding and investment and unlock the value we can create from development.
- 1.3. On 17 November 2016, this Cabinet Committee endorsed the development of an update to the original GIF, including an update of the figures and a review of the methodological approach to calculating infrastructure costs.
- 1.4. Whilst the original GIF was produced by AECOM on behalf of KCC and partners, the update has been undertaken in house. As such, the draft GIF 2017 Update represents a major step forward for KCC, providing a better value for money and more sustainable approach to the GIF. The GIF 2017 Update has been developed in collaboration with Medway Council and all district and borough councils in Kent, as well as local partners across the County.
- 1.5. This paper specifically draws out key messages emerging from the GIF 2017 Update, as well as the principal changes in approach - several of which have been prompted by feedback as part of the comprehensive engagement with key stakeholders undertaken over the past year.
- 1.6. The original GIF action plan has been updated to reflect refreshed priorities, focusing on the development of strategic infrastructure funding mechanisms, the future-proofing of infrastructure and a range of further workstreams that will ensure that KCC is proactively positioned to unlock some of the key barriers to sustainable growth. A GIF Implementation Plan will then be developed in 2018 to confirm how these actions will be taken forward.
- 1.7. The GIF is part of a wider programme of work for KCC and will enable KCC to forecast, monitor and communicate Kent's infrastructure needs more clearly and effectively. That programme of work includes the following projects:
  - The Single Forecasting System (SFS) will forecast the impact of population growth and new housing on KCC services and translate that demand into a mitigation cost;
  - The Single Monitoring System (SMS) provides monitoring of planning obligations and tracking of finance payments along with monitoring project funding;
  - The Digi-GIF will provide an online interactive platform for GIF data; and
  - The Single Communications Channel (SCC) will be a revised way of working to improve interaction with developers and districts; establishing a more 'joined up' approach internally.
- 1.8. The full draft GIF 2017 Update is included at **Appendix B**.

## 2 ENGAGEMENT

- 2.1 The draft GIF 2017 Update and its evidence base have been the subject of extensive officer engagement with local authorities over the past year. Feedback has also been sought on the emerging GIF messages and high level figures through attending Kent Chief Executives meetings, Kent Leaders meetings and the West Kent Partnership, East Kent Growth Board and Thames Gateway Kent Partnership.
- 2.2 Officers have also worked closely with local partners such as the Kent Developer Group and Kent Housing Group, who will be involved in progressing some of the GIF actions.

### 3. THE INFRASTRUCTURE FUNDING GAP

- 3.1 The draft GIF 2017 Update includes revised housing and population figures, which have been used to update all of the infrastructure requirements and costings from the original GIF. The Update is set out in a similar format to the 2015 version - providing a breakdown of the cost of infrastructure up to 2031 for each infrastructure type. The GIF 2017 Update uses the same time period in order to ensure the comparison between the original and updated version is as accurate as possible.

One of the key headlines of the updated GIF is that the population and housing growth is even higher than originally predicted in the 2015 version. This is due to changes in the Office for National Statistics (ONS) forecast and the progress in the development of district and borough Local Plans.

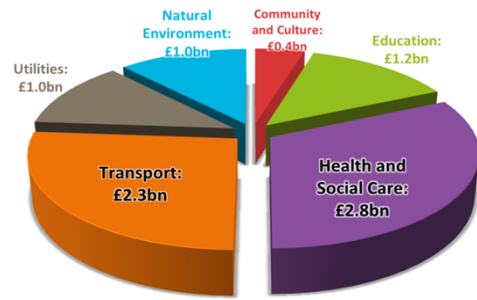
- 3.2 The 2017 GIF Update recognises that cross-county infrastructure schemes are critical to the area’s growth potential – and will provide connectivity that will significantly impact growth across Kent looking ahead to 2031 and beyond. As such, these “wider than Kent” projects (e.g. Lower Thames Crossing and the Crossrail to Ebbsfleet extension) have been included in the GIF costings. For example, in its function as a lobbying document to Government, the GIF has a role in identifying the Crossrail extension as a strategic priority, but also that it is currently an unfunded scheme. The inclusion of these cross-county projects has a significant impact on the overall costs. This impact is show within **Figures 1** and **2** below.

Figure 1: Comparison of GIF 2015 and 2017 figures

	GIF 2015	Draft GIF 2017 Update	
		With cross-county projects	Without cross-county projects
Population growth (2011-2031)	158,500	178,600 (24% growth)	
Housing growth (2011-2031)	293,300	396,200 (23% growth)	
New jobs	135,800	170,300	
Total infrastructure requirement	£6,740,580,000	£16,376,314,000	£8,676,314,000
Infrastructure funding gap	£2,007,520,000	£3,956,994,000	£1,956,994,000

Figure 2: Total infrastructure sector costs



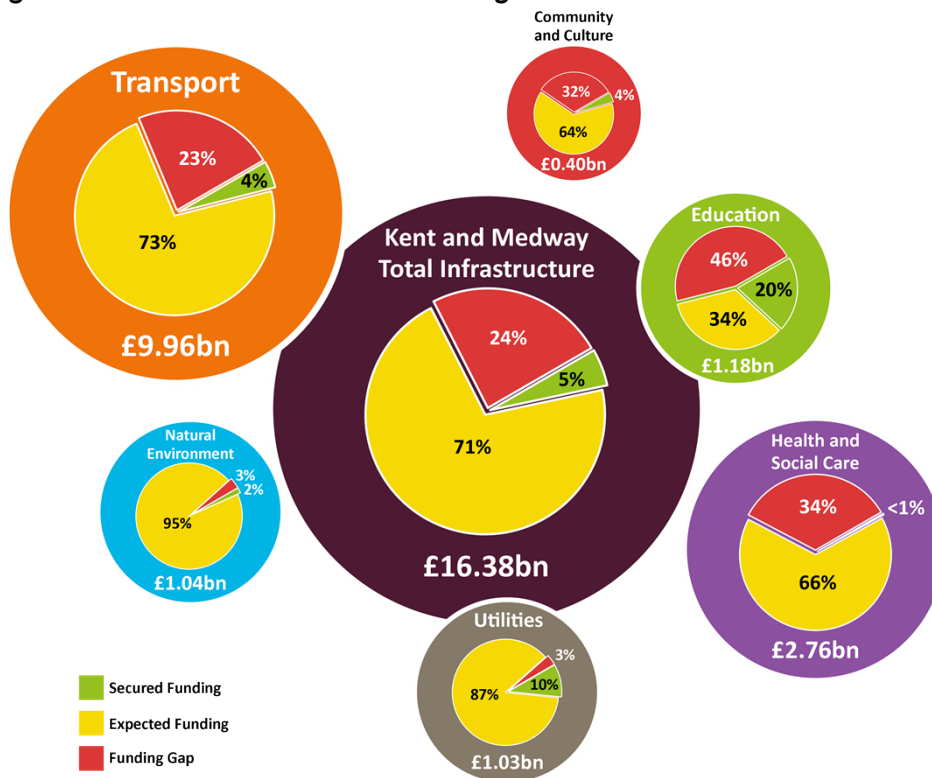


*With cross-county infrastructure costs*

*Without cross-county infrastructure costs*

- 3.3 Overall, the GIF 2017 Update figures indicate that with a greater forecast rise in population and therefore housing requirements across the same period (to 2031), **there is even more pressure on infrastructure provision than reported in the 2015 iteration.**
- 3.4 These figures also reflect progress made in the attraction of investment to key strategic projects (e.g. LGF funding, Central Government). **Nonetheless, a significant funding gap remains** – the message is that there is still considerable work needed by all partners to tackle the funding gap by identifying innovative means of funding infrastructure and looking to deliver that infrastructure more efficiently.
- 3.5 The GIF also breaks down how much of that infrastructure is secured or expected funding, and what the ‘gap’ is. The chart below (**Figure 3**) sets out the emerging profile by infrastructure type.
- 3.6 With respect to “expected” funding, however, it is worth noting that the ‘expected’ funding is significant, with risk attached, particularly for instance, if Government policy changes affect how expected funding is allocated in the future. Therefore, **even where funding is expected, there is a risk that this funding does not materialise.**

Figure 3: Infrastructure sector costing breakdown



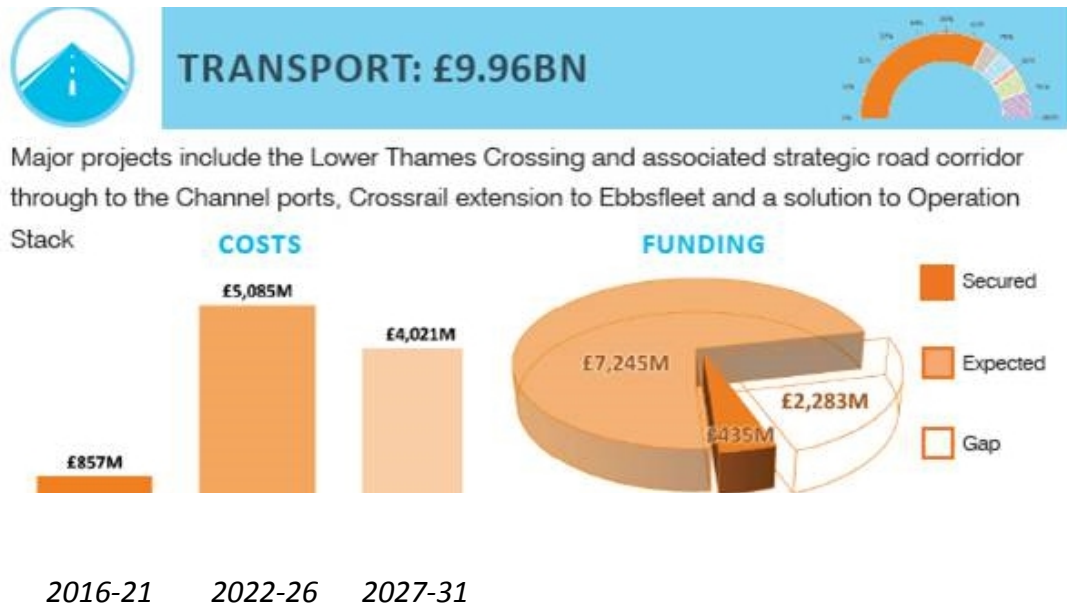
#### 4. THE NEW SECTIONS

4.1 The comprehensive engagement process has resulted in a number of key changes to the original GIF in the 2017 Update, which are considered to add value to the presentation and messages around challenges and barriers to delivery. Some of the key changes are set out below.

##### ***A phased breakdown of infrastructure delivery***

4.2 For each infrastructure sector, the GIF provides the infrastructure cost breakdown of what is 'expected' and 'secured' funding (i.e. what we have secured through development contributions, or what we can expect from Government funding/policy) and the infrastructure 'gap'. The gap represents the proportion of costs that we do not yet know where the funding will come from. The GIF 2017 Update also sets out the same infrastructure breakdown in five year periods to 2031. **Figure 4** below uses transport infrastructure as an example to illustrate this approach.

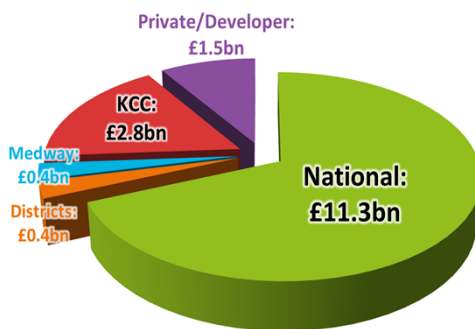
Figure 4: A phased approach to infrastructure delivery



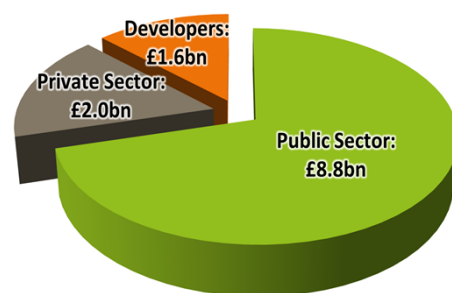
### Responsibility for infrastructure delivery and funding

4.3 An analysis has been undertaken for the GIF to illustrate who is responsible for delivering infrastructure and who is expected to fund it. It shows that the **public sector is responsible for a large majority of both funding and delivery of infrastructure**. The GIF therefore emphasises the importance of enhancing existing funding mechanisms and exploring innovative ways of closing the funding gap, including the need to consider public and private sector funding options. Both of these elements form the basis of actions set out in the GIF.

FIGURE 5: WHO WILL PAY?



WHO WILL DELIVER?



### Affordable housing provision

4.4 The GIF 2017 Update examines at high level the proportion of affordable housing (including extra care housing) being delivered compared to overall housing delivery. It also draws attention to the challenges surrounding developer contributions, whereby viability cases can compromise the level of affordable housing be provided This is a real issue that is affecting the delivery of well balanced, sustainable communities As such, there is a GIF action to explore how to ensure that we are creating well balanced communities in order to support growth needs.

### ***Renewal of existing infrastructure***

- 4.5 Maintenance is often overlooked when considering the funding of infrastructure, which tends to focus on the delivery of new infrastructure to support growth. The GIF 2017 Update now draws attention to the **need to balance maintenance and repair of existing assets with construction of new ones**. Future proofing of infrastructure is also increasingly crucial in building resilience and one of the GIF actions is to work alongside key infrastructure providers and public and private local partners to achieve this.

### ***A Sub-County approach***

- 4.6 As well as providing the County-wide breakdown, the infrastructure costings and narrative for the GIF 2017 Update are also structured in a sub-county format, reflecting the approach taken in Kent's adopted *Local Transport Plan 4: Delivering Growth Without Gridlock*. Instead of providing analysis at a district/borough level (which is effectively already portrayed in district and borough Local Plans and Infrastructure Delivery Plans (IDPs)), this new approach means that the GIF will provide an additional strategic view of planning and infrastructure.

### ***A refined approach to health and social care***

- 4.7 The GIF Update provides a revised picture of health and social care to align with the Sustainability Transformation Plan (STP) agenda. As identified in the STP, existing health and social care services will require significant redesign and modernisation to move towards an integrated care strategy. The expectation is that as the Kent and Medway STP progresses, future GIF iterations will be able to align infrastructure calculations with the STP priorities using a more structured approach and a demand modelling tool.
- 4.8 There is a growing focus on bringing local care into a single point of access within the community which could result in the creation of local multi-disciplinary care hubs (whether in a physical or virtual sense, or a combination of the two). The GIF examines the plans to develop Estuary View Medical Centre into a Community Integrated Health & Social Care Village and looks at this as a model for which further Health and Social Care Villages would be required to meet the forecast population increase. In addition, if the existing health and social care asset has to be transformed, the total cost to deliver a fit for purpose infrastructure is estimated at over £6 billion
- 4.9 There is an opportunity to align the GIF infrastructure costs for health and social care with the STP Programme now and in the future. As such, the GIF figures will be endorsed by the STP Programme Board.

## **5. THE 2050 CHAPTER**

- 5.1 The updated GIF also provides a longer term vision for the infrastructure the County needs to support sustainable growth – looking beyond the period for the GIF (to 2031). A new chapter is included which starts to explore potential challenges and opportunities as the County plans for development to 2050.

- 5.2 In order to respond to this need for a longer time horizon, it is considered essential to consider infrastructure needs to 2050, to ensure that Kent and Medway are in a strong position to anticipate and plan for sustainable growth. Funding for infrastructure is likely to become ever tighter whilst technologies will advance at ever increasing speeds.
- 5.3 Future proofing of infrastructure is needed to ensure that authorities are making the most of the infrastructure investment being made now to support future growth. Indeed, the wider infrastructure agenda, for example the Thames Estuary Growth Commission, the National Infrastructure Assessment and the London Infrastructure Plan, are all looking further ahead to 2050.
- 5.4 The GIF Update '2050' chapter takes a scenario-based approach to population growth, infrastructure mechanisms and advancing technologies. There are some key implications being identified through this piece of work around how we routinely build future proofing into infrastructure delivery, particularly focussing on:
- Moving to multi-functional infrastructure (where possible);
  - Taking a more sustainable solution to providing energy; and
  - Prioritising digital connectivity and engaging with emerging technology.
- 5.5 There will be a call for partners to ensure that the County is in a position to take advantage of some of the key challenges presented by the 2050 analysis. One of the GIF actions is to use the 2050 framework to future-proof the infrastructure being delivered today to the greatest extent possible, building in resilience and flexibility where possible and proactively horizon scanning in order to enable us to utilise advances in technology where appropriate. This will include recognition of future energy and digital connectivity needs to support a growing population and prioritisation of investment to enable infrastructure to be more future proofed.

## **6. NEXT STEPS**

### ***A GIF Implementation Plan***

- 6.1 The original GIF action plan has been updated to reflect refreshed priorities (many of which have already been touched on in this report), focusing on the development of strategic infrastructure funding mechanisms, how authorities embed future-proofing into their growth plans and how the County positions itself to become a beacon of innovation in infrastructure. The GIF actions (found on pages 93-95) are focussed on the following areas:
- Defining the investment gap;
  - Taking a place-based approach to delivering infrastructure;
  - Exploring innovation in financing the infrastructure funding gap;
  - Commercial supply and demand;
  - Future proofing Kent and Medway's infrastructure;
  - Creating well designed communities;
  - Collaborating with infrastructure providers; and
  - Creating an increasingly robust evidence base.



- 6.2 In 2018, it is intended that these actions will be developed and delivered through a GIF Implementation Plan, to ensure that measures are being carried forward as part of a comprehensive 3 year plan.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 The GIF 2017 Update has resulted in cost savings by carrying it out in-house and has been funded from existing budgets.

In addition, once published, this latest version of the GIF will continue to be used as an evidence base with which to try to attract future funding to infrastructure priorities, many of which are either directly or indirectly delivered by KCC.

## **8. POLICY FRAMEWORK**

- 8.1 In setting out a strategic approach to housing delivery and the infrastructure needed to support growth, the GIF helps to identify measures to ensure that the Strategic Outcomes identified in 'Increasing Opportunities, Improving Outcomes – Kent County Council's Strategic Statement 2015-2020', are met. The GIF provides robust evidence for addressing the infrastructure and growth challenges in Kent and Medway and takes forward areas for strategic focus to address these challenges. It will help to ensure that:

- KCC has a strong understanding of strategic priorities in the County and has an appropriate role in influencing them;
- Kent residents enjoy a good quality of life through well planned development, which is designed well and built in sustainable locations, supported by the right infrastructure and services;
- Capital investment priorities for funding contribute to the delivery of necessary infrastructure;
- Kent's physical and natural environment is protected and enhanced;
- Kent's communities are resilient and provide strong and safe environments;
- Older and vulnerable residents are safe and supported; and
- Government recognises the long term strategic priorities and infrastructure challenges facing the County.

## **9. LEGAL IMPLICATIONS**

- 9.1 There are no legal implications.

## **10. EQUALITIES IMPLICATIONS**

- 10.1 A screening opinion has been carried out, which determined that an Equalities Impact Assessment was not required for the GIF 2017 Update.

## 11. CONCLUSIONS

11.1 The GIF has a crucial part to play in delivering KCC's strategic vision to ensure that expenditure relating to the delivery of infrastructure and services necessary for growth in Kent is delivering better outcomes for residents, communities and businesses. It will have wide-ranging influence and will support the delivery of all three of KCC's Strategic Outcomes, playing a key role in supporting the economy and the health and wellbeing of Kent's communities.

## 12. RECOMMENDATION

The Cabinet Member for Planning, Highways, Transport and Waste is asked to agree to the GIF 2017 Update attached at **Appendix B**, with any minor modifications as necessary.

## 13. BACKGROUND DOCUMENTS

13.1 Kent and Medway Growth and Infrastructure Framework (GIF) 2015 – found at the following website: <http://www.kent.gov.uk/gif>

## 14. APPENDICES

Appendix A: Proposed Record of Decision

Appendix B: Draft Kent and Medway Growth and Infrastructure Framework (GIF) 2017 Update

## 15. CONTACT DETAILS

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