

KENT UTILITIES ENGAGEMENT SUB-COMMITTEE

Thursday, 1st November, 2018

1.45 pm

**Swale 2 - Sessions House, County Hall,
Maidstone**





AGENDA

KENT UTILITIES ENGAGEMENT SUB-COMMITTEE

Thursday, 1st November, 2018, at 1.45 pm
Swale 2 - Sessions House, County Hall,
Maidstone

Ask for: **Kay Goldsmith**
Telephone: **03000 416512**

Membership

Conservative (7): Mr M A C Balfour, Mr T Bond, Mr A Booth, Mr D L Brazier,
Mr H Rayner, Mr A M Ridgers and Mr J Wright

Labour (1) Mr D Farrell

Liberal Democrat (1): Mr I S Chittenden

Tea/coffee will be available 15 minutes before the start of the meeting

County Councillors who are not Members of the Committee but who wish to ask questions at the meeting are asked to notify the Chairman of their questions in advance.

Webcasting Notice

Please note: this meeting may be filmed for the live or subsequent broadcast via the Council's internet site or by any member of the public or press present. The Chairman will confirm if all or part of the meeting is to be filmed by the Council

By entering into this room you are consenting to being filmed. If you do not wish to have your image captured please let the Clerk know immediately.

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

- 1 Substitutes
- 2 Election of Chairman
- 3 Election of Vice-Chairman

- 4 Declarations of Interests by Members in items on the Agenda for this Meeting
 - 5 Minutes - 12 April 2017 (Pages 5 - 8)
 - 6 Terms of Reference (Pages 9 - 10)
Members are asked to note the attached Terms of Reference, as agreed by the Scrutiny Committee on 6th July 2018.
 - 7 Kent and Medway Strategic Energy Overview - A Local Authority Perspective (KCC) - Presentation
- BREAK**
- 8 Future Energy Provision - A Utility Provider Perspective - Presentation
 - 9 Enabling Growth - A Developer Perspective - Presentation
 - 10 Outcomes from the Previous Iteration of the Kent Utilities Engagement Sub-Committee - verbal update
 - 11 Sub-Committee background, context and objectives (Pages 11 - 14)

EXEMPT ITEMS

(At the time of preparing the agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public)

Benjamin Watts
General Counsel
03000 416814

Wednesday, 24 October 2018

KENT COUNTY COUNCIL

KENT UTILITIES ENGAGEMENT SUB-COMMITTEE

MINUTES of a meeting of the Kent Utilities Engagement Sub-Committee held in the Medway Room - Sessions House on Wednesday, 12 April 2017.

PRESENT: Mr R J Parry (Chairman), Mr R L H Long, TD (Vice-Chairman), Mr I S Chittenden, Mr J A Davies, Mr G Lymer, Mr T A Maddison and Mr C Simkins

ALSO PRESENT: Mr M A C Balfour, Mrs R Baker, Mr R Bishop, Mr N Fenton, Mr C Hollamby, Mr P Kent and Ms M Willson

IN ATTENDANCE: Mrs K Stewart (Director of Environment Planning and Enforcement), Mr A Turner (Water Resources Manager) and Mr J Cook (Scrutiny Research Officer)

UNRESTRICTED ITEMS

14. Minutes of the meeting held on 27 February 2017

(Item 4)

RESOLVED that the minutes of the meeting held on 27 February were a correct record and that they be signed by the Chair.

15. Review of progress and areas for improvement

(Item 5)

1. Alan Turner (KCC) provided an overview of the key issues and discussion points considered by the sub-committee so far. These were broken down by the different groups and agencies which had engaged with the sub-committee in previous meeting. Some of the key points included the following:

OFWAT:

- Water and wastewater companies had used planning conditions to push burden and costs on to developers.
- Water companies had a duty to develop their network to meet new demand and were best placed to judge the certainty of the development.
- Ofwat expected companies to engage with developers and local authorities at an early stage on development plans.
- Companies should manage expectations on infrastructure cost and timing.

Developers:

- Concerned that planning permission rules put unfair burden on developers.
- Advance charges for infrastructure work to ensure connections were in place within one year was a challenging risk for developers to take.
- 'Right to Connect' to sewers was strongly defended by developers.
- Charging regime was unfair and unfairly applied.
- Water utilities were not responsive to developers' needs.
- Network reinforcement and strategic infrastructure work was too slow.
- Poor development forecasting by the water companies.

- Lack of transparency around water company charges and decisions.
- Communication with water companies could be improved further (some progress already made)
- Highways process for utility corridors have increased costs for developers.
- 'First comer' for multi-developer sites faced disproportionate costs.
- Final invoices for charges could often be much higher than estimates.

Water Supply Companies:

- Not statutory consultees on Local Plans but had a duty to provide infrastructure services.
- Agree that the charging regime was too complex and caused misunderstandings with developers.
- Local plans did not provide enough assurance regarding infrastructure needs.
- Housing market fluctuations increased risk.
- Planned build out rates were unrealistic.
- Agree that early contact and discussion with developers was very helpful.
- Communication was often challenging.
- Progress had been made on improving communication and engagement through the use of case workers for each site, contact logging and planned meetings prior to and during development.

Wastewater Companies:

- Changing market conditions made keeping pace with development challenging.
- Large development programmes made engaging with correct developers more challenging.
- Recommended the use of intermediaries or broker agents between developers and utilities.
- Keen to find solutions for new developments that would also help solve existing sewer flooding problems.
- Looking at pilot arrangements for improved strategic planning.
- The planned new charging regime could overcome problems with Right to Connect and provide certainty for developer and utilities.

2. Mr Turner also advised the sub-committee regarding comments from Local Authorities and Highways which recognised that utility infrastructure provision was complex which made any disputes with any involved party more challenging and this was exacerbated by local planning authorities not always being made aware of discussions between developers and the water companies. In terms of Highways, Mr Turner commented that the streetworks restrictions and costs were unpopular with developers and water companies but were necessary. The works were supported by extensive engagement with the public, local business and other stakeholders.
3. Katie Stewart (KCC – Director of Environment, Planning & Enforcement) reminded the sub-committee of the key objectives relating to the work being undertaken; seeking to achieve better transparency through better use of the Growth Infrastructure Framework, improve communication and embed smoother planning and delivery processes and also maximise the effectiveness and efficiency of the new charging regime.

4. Members commented on the need to consider two other key outcomes which related to implementing a strategic framework to support high level planning and process arrangements and for consideration to be given a collective of developers lobbying government.
5. Guests from the Regulator, developer groups and water companies commented on the proposed outcomes as part of a discussion with Members. There was broad recognition that all parties would benefit from working together more smoothly in future and that it was inappropriate to lay blame for failings on any one group.
6. Members reviewed the proposed outcomes, which aimed to sum up the key findings of the Sub-Committee's work, taking into account the useful information provided by all those who had attended to answer questions.

RESOLVED that;

- a) the Sub-Committee recommend that all relevant parties (Local Authorities, Regulators, Water Supply and Waste Water companies and developers) work in partnership to contribute to the following objectives:
 1. Improve the relationship between local authorities, water supply and wastewater companies and developers.
 2. More accessible, up-to-date information on growth, development and water supply and wastewater infrastructure capacity.
 3. Delivering smarter, slicker, more transparent planning and delivery of strategic wastewater infrastructure.
 4. Making the most of the new charging regime opportunity.
- b) Kent County Council, via the Growth Infrastructure Framework and the Cabinet Member for Environment and Transport, support the following specific activities:
 1. Lobby Government for an improved framework to enable more coherent strategic planning of development.
 2. Encourage and support developer companies to co-ordinate effective lobbying of Government, utility companies and other strategic partners.

The Sub-Committee also expressed thanks to all groups for participating in the work of the Sub-Committee, praising the positive engagement. They were also grateful for the support of the Director of EPE, Alan Turner as the Lead Officer responsible for Water activity in KCC and Matthew Balfour as the relevant Cabinet Member.

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KENT UTILITIES ENGAGEMENT SUB-COMMITTEE

TERMS OF REFERENCE

9 Members

Conservative – 7; Liberal Democrat – 1; Labour – 1

(Invitee: Independent – 1)

Responsibility and outcomes:

1. This Sub-Committee is responsible for engaging with utility providers and regulators operating in the Kent area.
2. The goal of the Sub-Committee is to achieve better alignment of utilities planning and connections to planned growth across Kent and to improve the quality of life of Kent citizens.
3. The Sub-Committee will highlight examples of good and bad practice and work with utility providers to devise and promote effective utility strategies that align with the development plan process, making suggestions for improvement and engaging with national regulators where appropriate.
4. The Sub-Committee will use regular engagement with key partners in the utility and development sectors to improve communication, avoid unnecessary duplication and increase transparency.
5. The Sub-Committee will take the approach of focussing on one utility sector at a time, using best practice from the previous Sub-Committee sessions that focussed on the water companies.

Governance:

6. The Sub-Committee is a sub-committee of the Scrutiny Committee.
7. The Sub-Committee provides a report to the Scrutiny Committee on an annual basis, or more regularly if required.
8. The Sub-Committee will meet three times a year, with additional meetings arranged as required.
9. As a partnership meeting, attendance of relevant external parties is encouraged in the spirit of joint-working but will be on a voluntary basis.

Agenda setting:

A work programme will be maintained by the Growth, Environment & Transport directorate, developed in consultation with Members, partner agencies, utility providers and regulators.

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By: Joel Cook – Scrutiny Research Officer

To: Kent Utilities Engagement Sub-Committee – 1 November 2018

Subject: Sub-Committee background, context and objectives

Status: Unrestricted

Summary: The Sub-committee is asked to **note** the background and contextual information provided to support its future work planning and engagement activities.

1. Background

- 1.1 The Kent Utilities Engagement Sub-Committee (Sub-Committee) was established by the Scrutiny Committee on 9 June 2016 and it first met on 27 July 2016. At the time, the Sub-Committee agreed its scope, confirming that it would focus on the water utility sector.
- 1.2 The Sub-Committee engaged with a range of key partners, including Ofwat (Water sector regulator), three major water supply and waste water companies in Kent (South East Water, Southern Water and Affinity Water), as well as representatives from development companies and local planning authorities.
- 1.3 A key benefit of the Sub-Committee's activities under its previous scope was the facilitation of frank and open communication between the development and utility sectors, with both being able to gain an improved understanding of the pressures and priorities affecting each other.

2. Planned work

- 2.1 The published GIF 2018 Update continues to identify the utilities sector as an area that needs attention. It sets out a commitment to continue to collaborate with the utilities sector to align with the County's growth plans and to evidence the need for, and encourage, through the Sub Committee, the necessary capital investment. The proposed focus on the energy sector would support this important strategic aim for the Council and also support improved engagement between all relevant partners.

Current and Future Energy Systems (Background provided to Scrutiny Committee – July 2018)

- 2.2 The energy system in the UK and Kent is changing. Two-thirds of the UK's existing coal, gas and nuclear power stations are set to close by 2030 and any future power stations must be largely decarbonised if the UK is to achieve its legally binding targets of cutting CO2 emissions by 80% by 2050.

- 2.3 At the same time, by 2031 energy demand in Kent is predicted to grow significantly e.g. gas by 25% (from 8,556 GWh per year to 10,550 GWh per year) and electricity by approximately 19% (from 3,101 GWh per year to 3,699 GWh per year).
- 2.4 Energy security -namely energy that is affordable, secure and low carbon -is vital to the future development and growth of Kent and Medway. However, much of the County is already subject to electricity grid network constraints, which can inhibit supply and demand, stall development and increase uncertainty on the network.
- 2.5 The national drive towards more local, low carbon energy generation - in particular renewables - will further increase pressure on the grid and with it, the potential to cause disruption to supply.
- 2.6 As growth accelerates, it will be essential to map existing electricity and gas grid constraints against future developments to identify potential issues early, as well as solutions, including potential local generation options, such as district heating systems and smart grids.
- 2.7 Looking forward, the County must move towards a smarter, more efficient and integrated circular energy 'system', which encourages more local generation and is more evenly balanced with a decreased reliance on energy imports. A smart and flexible system is required that provides and uses energy only when it is needed and as close to the customer as possible to minimise transmission waste and maximise use of waste heat.

3. Objectives and outcomes of the Sub-Committee (Proposed at and endorsed by the Scrutiny Committee in July 2018)

- 3.1 The Sub-Committee would work to achieve the following objectives and outcomes:
- Work with utilities companies to establish and map existing grid constraints against current and planned development to give a more informed strategic view of where issues exist;
 - Identify a better approach to future planning that identifies constraints and opportunities earlier and allows for development of smarter, more local solutions to energy generation and supply;
 - Establish a process for identifying and developing solutions and funding opportunities to current, near future grid connection issues with development coming forward; and
 - Work with the KCC Sustainable Business and Communities Service to maximise future opportunities and develop a forward-looking approach to energy planning and infrastructure as part of the Kent and Medway Energy and Low Emissions Strategy, the

4. Stakeholders to involve

4.1 The Sub-Committee may consider engaging with the following stakeholders, as identified and reviewed by the Scrutiny Committee in July 2018:

- Utilities – United Kingdom Power Network and Scotia Gas Networks;
- Regulator – Ofgem;
- Districts - Local Planning Authorities;
- Public sector energy users and landowners;
- Department for Business, Energy and Industrial Strategy and Ministry of Housing, Communities and Local Government;
- Kent and Medway Economic Partnership / South East Local Enterprise Partnership representatives;
- Developers; and
- Business, Energy and Industrial Strategy Energy Hubs.

4.2 The Sub-Committee is proposed to hold three formal meetings across the year, supported by informal engagement and training activities. The work programme, managed by the EPE department of KCC will support broad consideration of the key issues subject the Scope to be agreed by the Sub-Committee.

6. Recommendation

6.1 That the Sub-Committee note the background and contextual information.

6.2 The Sub-Committee consider how best to meet the objectives agreed by the Scrutiny Committee within the framework of the Terms of Reference.

7. Background Papers

[Kent and Medway Growth and Infrastructure Framework \(GIF\) – 2018 Update](#)

8. Contact details

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