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To: County Council –

Subject: Kent and Medway Growth and Infrastructure Framework

Classification: Unrestricted

Summary: This report provides an overview of the work carried out to produce a Growth and Infrastructure Framework for Kent and Medway along with the key findings of that work. It also draws conclusions on further steps that could be taken to begin to address the significant challenges facing Kent and Medway in delivering its growth agenda.

FOR DECISION

Background

1 (1) Members will be aware that since the removal of Structure Plans and the Regional Spatial Strategies followed by the implementation of Local Plans, there has in effect been limited ability to plan at the strategic level for housing and jobs growth and the infrastructure needed to facilitate this. In recognition of this, Kent Leaders agreed it would be valuable to have a countywide view on:

- a) growth planned to 2031 across Kent and Medway;
- b) the infrastructure needed to support this growth;
- c) the cost of this infrastructure;
- d) likely public and private sector funding during this period: and,
- e) the extent of funding gap to deliver the necessary infrastructure.

(2) A Growth and Infrastructure Framework (GIF) has therefore been developed over the last few months working in close collaboration with Medway Council and Kent's twelve district authorities as well as the health and utilities sectors. The Kent and Medway Economic Partnership have been, and will continue to be appraised of the GIF work and its findings. The document is very much a "live" document and it is intended it will be updated annually and continually refined as part of that process. It should be noted that to date we have found that our approach is being emulated, with other

counties beginning to follow the model we have established for Kent and Medway.

Our Approach

2 (1) The approach to developing the GIF has very much relied on the principle that the infrastructure identified must be essential to delivering the countywide growth to 2031. The picture presented therefore is very much the “best case” scenario and provides an evidence base across the county both on a district by district basis as well as by infrastructure type.

(2) The development of the GIF involved establishing an in depth understanding of:

- Planning housing and jobs to 2031
- Population growth and drivers
- Economic growth and drivers
- Future funding levels
- Infrastructure requirements and costs.

(3) The broad headings for this identified infrastructure requirement is covered by 3 main sections:

a) Statutory infrastructure provided by local government – education, transport, adult social services and community facilities.

b) Utilities

c) Health care which has been considered by:

i) forecasting forwarded based on current health care models

ii) forecasting based on provision of a modern fit-for-purpose

21st century healthcare system.

(4) The GIF presents its findings by:

- Local authority area
- Infrastructure type
- Kent and Medway overall summary.

Estimating the Cost

3 (1) Costs for the statutory local government infrastructure have been assessed using a number of sources. The amount of funding anticipated as being available to 2031 has taken into account continuation of existing Government funding as well as reasonable estimates of what would be likely to come through developer contributions via S106 and Community Infrastructure Levy where that is in place. Any variation in demand and therefore infrastructure requirement will either widen or reduce the identified funding gap.

(2) Education – population growth and distribution of development was used to assess the number of additional primary and secondary school places that would be needed. Costs of these additional places were based on

an assessment of the current cost to KCC of provision as well as benchmarking on similar infrastructure projects across the country.

(3) Transport – Infrastructure requirements were established by extracting key information from Kent’s Local Transport Plan, Growth without Gridlock, KCC’s 20 year transport delivery plan, the transport strategies supporting the district authorities Local Plans, the Local Enterprise Partnership’s priority projects as well as the National Infrastructure Plan and Highways England Route Based Strategies. Costs of the identified infrastructure were again based on KCC work as well as national benchmarking on similar capital projects.

(4) Adult Social Services – KCC’s Social Care Accommodation Strategy sets out the forecast change in demand for the full range of care clients. This demonstrates the need for considerable investment in older persons nursing and extra care accommodation as well as supported accommodation for clients with learning disabilities. This provision however has been assumed as being funded by the private sector and voluntary organisations.

(5) Community – a number of key new library facilities and youth service space requirements have been identified through Local Plans in order to serve growth at various strategic development sites. For other community and sports facilities, this requirement was devised from projects identified in Local Plans as well as an analysis using Sport England and best practice standards.

(6) Utilities – Scarcity around water and sewerage provision can severely impact the capacity to deliver growth. The water companies’ 5 year plans need to be closely aligned to planned development therefore discussion with local authorities during their development to ensure a strong sense of placemaking that will deliver growth will be sought. Electricity companies similarly plan for the short to medium term only. The Long Term Development Statement for the South East considers electricity requirements plans to 2023 only. This work models demand annually based on “natural growth” in energy demand. The distributor companies require the developer to pay for the necessary new or upgraded infrastructure. Similarly for gas provision, this is determined on an application by application basis. Where there is no forward planning on infrastructure requirements, the GIF has used a per dwelling and commercial floorspace benchmark energy connection cost for the growth forecasts. The same approach was used for broadband provision. A key role for the public sector will be to hold utilities companies to account for delivery of their services to ensure growth can be delivered when and where required through potentially establishing County Council scrutiny arrangements for utility provision matching plans to actual delivery

(7a) Healthcare – continuation of existing healthcare model uses the population growth forecasts to establish level of demand for healthcare services. Future requirements and associated costs and funding assumptions for primary, acute and mental healthcare are based on benchmark modelling

and has not yet, due to time constraints, been validated or agreed by the NHS. This will form part of the ongoing development and refinement of the GIF as a live document. For acute hospital and mental health beds needed, this is based on the current UK bed to person ratios (i.e. steady state) and has been applied according to the forecast population growth.

(7b) Healthcare – this scenario acknowledges that the continuation of the existing healthcare model is unsustainable and will require a significant redesign and modernisation to move towards an integrated care model for the 21st century, such as the vanguard Estuary View Medical Centre in Whitstable. Costs for this model have been extrapolated and applied to the Kent and Medway population including growth forecasts. For the majority of healthcare capital asset provision it has been assumed that the private sector will provide.

Summary of Findings

4 (1) While the key findings below are presented at the Kent and Medway level, the GIF also breaks down this information on a district by district basis and also by each infrastructure type. In considering these findings, it should be borne in mind that the GIF is a “live” document that will continually evolve as district Local Plans develop and more detailed information becomes available.

The scale of Growth

Fact (2011-31)	Growth	Context
158,500 new homes*	21%	Equivalent to providing twice the amount of housing currently in Dartford district
293,300 new people	17%	Equivalent to 1 new person for every 6 currently in Kent and Medway or double the population of Swale Borough
135,800 new jobs	19%	Equivalent to providing twice the number of jobs Canterbury district currently has

*Note – these figures are in line with Office of National Statistics figures

The cost of Growth

Total for Kent and Medway	Total Cost	Cost per annum
Infrastructure Cost to 2031	£6.74 billion	£397 million
Secured Funding*	£0.706 billion	£42 million
Expected Funding**	£4.02 billion	£237 million
Funding Gap	£2.01 billion	£118 million

* Funding that is in the bank or signed up

** Funding that is anticipated to come in via government, developer contributions or private sector.

Conclusions

5 (1) The evidence base provided through the GIF clearly demonstrates there will be a significant funding gap in delivering the infrastructure vital to ensure we achieve sustainable, high quality communities (place shaping). This also makes clear that while across Kent and Medway we are committed to delivering this growth, it will be a real challenge and the scope to accommodate greater levels, particularly in view of the potential pressure coming from London, is severely limited. Similarly, while it will be a challenge to deliver the quantity of growth we are seeking, it will also be challenging to ensure that this is the high quality development we would want for Kent and Medway and will include a review of the Kent Design Guide.

(2) The GIF work also points to the fact that the Community Infrastructure Levy (CIL) has not been widely adopted across the County reflecting variations in land value, development viability and the amount of money that will be collected. This highlights the urgent need for a conversation with Government on potential changes to the CIL and developer contributions systems to better reflect varying viability and retail price of new homes in an area, while facing relatively fixed infrastructure unit costs. This conversation needs to ensure that any changes to the CIL system will begin to address the type of challenge we are familiar with in terms of viability across some parts of the county, for instance, in East Kent.

(3) The identified funding gap also suggests the need to work with the private sector to establish a significant 'Institutional Investment' pot that could be drawn down by private providers at preferential interest rates to help delivery of vital infrastructure. This could be particularly helpful in terms of modernising the healthcare system.

(4) An in-depth review of all other potential additional funding mechanisms and their ability to fund infrastructure is recommended, accepting the public sector borrowing requirement needs to be reduced

(5) The GIF also highlights the need to ensure wider linkage across asset management to best utilise not only the KCC estate but also more broadly the public estate via Government's One Public Estate initiative.

(6) The work of the GIF potentially provides the starting point for the provision of a single Infrastructure Delivery Plan for Kent and Medway reflecting the robust partnership working with the district authorities and Medway.

(7) A dialogue with other County Councils in the South East on strategic issues and priorities, in particular transport, to support growth. This could include linkages to London and radial routes to better connect the wider South East. Similarly, common issues such as the cost of commuting to

London linked to surrounding counties ability to bring prosperity out of the capital should be considered.

(8) Evidence to resist inappropriate growth where infrastructure funding has not been secured or planned for.

Recommendation

6. It is recommended that Council debates and provides comment on the emerging conclusions set out in Section 5 of this report.

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Background Documents: none