# SOUTH EAST ENGLAND COUNCILS ALL-MEMBER MEETING

Date: 8 November 2011

Subject: Delivering infrastructure and transport investment in the

South East: a) Infrastructure Planning Commission; b)

BT/Openreach; c) Department for Transport.

Report by: Nick Woolfenden, SEEC Head of Policy Co-ordination



#### **Recommendations:**

Members are asked to:

- i. Note the background briefings on the organisations speaking about key infrastructure issues, and
- ii. Raise South East needs and opportunities with these organisations and discuss the role of local government in helping progress them.

#### 1. Introduction

1.1 Making the case for adequate infrastructure investment in South East England to help support the economy and meet business/community needs is a key SEEC priority. Speakers from three key organisations have been invited to update members on their current work and future plans. Members will have the opportunity to ask questions and consider how best local government can have an input into important infrastructure decisions. Short summaries of each organisation's work are provided below for background information. Following the guest speakers there will be a discussion on SEEC's possible role influencing strategic transport led by SEEC's Transport Convenor Cllr David Robertson (see separate paper for Item 3d).

#### 2. Infrastructure Planning Commission (IPC)

- 2.1 The Infrastructure Planning Commission (IPC) was established in October 2009 under the Planning Act 2008 to streamline the planning system for nationally significant infrastructure projects. It is an independent body that examines applications for large projects that support the economy and vital public services, including railways, large wind farms, power stations, reservoirs, harbours, airports and sewage treatment works. Local authorities can make representations to the IPC regarding the adequacy of scheme promoters' pre-application consultations. They can also produce local impact reports which the IPC must have regard to in making decisions.
- 2.2 Projects in the South East on the IPC's current or recent caseload include:
  - Kentish Flats Wind Farm Extension, submitted by Vattenfall accepted
  - Fawley Oil-Fired Reserve Energy Plant, submitted by RWE Npower pre application
  - Port of Southampton Biomass Energy Plant, submitted by Helius Energy

     pre application
  - Rampion Offshore Wind Farm, submitted by E.ON Climate and Renewables – pre application

- Navitus Bay Wind Farm Park (Isle of Wight), submitted by Eneco Round
   3 Development Ltd pre application
- M20 Junction 10A Improvement, submitted by Highways Agency pre application.
- 2.3 The Coalition Government intends to introduce further changes to major infrastructure planning decisions through the Localism Bill. These changes will retain the main elements of the IPC's streamlined process whilst improving democratic accountability for example including an opportunity for both Houses of Parliament to vote on National Policy Statements which underpin decisions, and for the Secretary of State to make the final decision on each project. The IPC will become a Major Infrastructure Unit, as part of the Planning Inspectorate.
- 2.4 For more information see http://infrastructure.independent.gov.uk/

## 3. BT/Openreach

- 3.1 Openreach is the division of BT responsible for the wires and fibres that connect homes and businesses to local telephone exchanges. All of the UK's communications providers have equal access to Openreach's network and over 1,000 service providers offer broadband through this. Openreach is leading the deployment of BT's £2.5bn investment to make super-fast fibre broadband available to two-thirds of the UK by 2015.
- 3.2 More widely, the Government's objective is to have the 'best superfast broadband network in Europe by 2015' and Ministers are clear that local authorities should play a central role in its delivery. As part of the Spending Review in October 2010, the Chancellor announced a total of £830m to support roll-out of superfast broadband by 2017. Broadband Delivery UK (BDUK), the Government's delivery vehicle for broadband, will steer how this money will be spent.
- 3.3 Currently, most households and businesses receive broadband over the existing copper-based infrastructure, capable of download speeds of up to 20Mbps. To facilitate fast broadband, the network requires upgrading to fibre optic, providing much higher bandwidth and download speeds up to 100Mbps and upload speeds up to 30Mbps.
- 3.4 Local authorities and other public sector partners can play a key role in stimulating fast broadband provision in areas where the private sector is not currently investing. A number of current approaches are highlighted below, which members may wish to explore with Openreach/BT's representative:
  - Pure public sector if the public sector creates its own network operating company to build infrastructure and offer service, this offers the greatest control to the public authority, but also attracts the highest risk.
  - Public-private joint venture if the public sector forms a partnership with a private sector company to develop the network, this brings shared risk and reduces the required public investment but with less control and more complexity.
  - Gap-funded investor model if the authority asks a private sector investor to identify the investment gap in their business case for

- deployment and to draw up a business plan, it can reduce risk and ensure ongoing commercial sustainability.
- Public sector anchor tenant model if the public sector commits to place
  its networking needs eg connections into council buildings and schools
  etc within the new initiative, a private sector operator is able to de-risk
  potential future revenues and reduce the investment risk premium.
- Demand-stimulation model if the authority focuses on driving take-up for the new network among users this reduces risk for all parties by improving the commercial sustainability and delivering benefits to the maximum number of citizens and businesses.
- 3.5 For more information see http://www.openreach.co.uk/orpg/home/home.do

### 4. Department for Transport (DfT)

- 4.1 The Government's vision is for a transport system that is an engine for economic growth, but one that is also greener and safer and improves quality of life in our communities. The Department for Transport's (DfT) role is to set strategy and policy context, and to establish and manage relationships with the organisations that are responsible for delivery.
- 4.2 DfT's current priorities are to:
  - Deliver the Coalition's commitments on high speed rail
  - Secure railway provision for the future
  - Encourage sustainable local travel
  - Tackle carbon emissions and congestion on roads
  - Promote sustainable aviation.
- 4.3 In September Rt Hon Philip Hammond MP, then Secretary of State for Transport, announced that he wanted to explore how the Government could devolve the capital funding for local major transport schemes (those with a value greater than £5m) for the Spending Review period after 2014/15. These were the schemes previously managed through the Regional Funding Allocation process, where government took advice from Regional Transport Boards in taking its final decision.
- 4.4 Given the large scale of these major schemes, Philip Hammond felt distribution of funding to a single Local Enterprise Partnership (LEP) or local authority would not deliver the desired result. He therefore announced the intention to consult on 'Local Transport Consortia', made up of a number of LEPs and their constituent local authorities. These would need to integrate major scheme transport investment with wider plans for growth, including planning, housing, skills and training, enterprise, health and the environment. Members may wish to explore with the DfT representative how these plans for consultation are progressing and any implications of the recent change of minister, now Rt Hon Justine Greening MP.
- 4.5 Members should also be aware that DfT has recently set up sub-national engagement teams to act as the first point of contact for local enquiries. The South East and East Engagement Team's Leader is Lee Sambrook (lee.sambrook@dft.gsi.gov.uk).
- 4.6 For more information see http://www.dft.gov.uk/