

**Open Report on behalf of Richard Wills,
Executive Director for Environment and Economy**

Report to:	Environment and Economy Scrutiny Committee
Date:	10 April 2018
Subject:	Implementing the Outcomes of the Utility Study

Summary:

A long-term commitment to utility infrastructure investment is critical in efforts to accelerate economic and housing growth across Greater Lincolnshire.

A 'Future proofing the capacity of utilities in Greater Lincolnshire', was commissioned by Greater Lincolnshire Local Enterprise Partnership, LCC, and the other local authorities in greater Lincolnshire. This Study has now been completed, and this report will provide an outline of the report recommendations, and proposed next steps.

Actions Required:

Members of the Environment and Economy Scrutiny Committee are invited to consider and comment on the strategic direction included in the report and endorse the next steps included in the action plan on utility provision (as below):

- a) establishing a strong lobby for Greater Lincolnshire on utilities
- b) making sure that good quality information is collected and given to organisations who need to hold it
- c) increasing the dialogue between businesses, planning organisations, and the utility providers

1. Background

A long-term commitment to infrastructure investment is critical in efforts to accelerate economic and housing growth across Greater Lincolnshire. The Greater Lincolnshire Local Economic Partnership states that providing a reliable infrastructure will allow them to reach growth ambitions and potential. Investments can stall due to the limited availability of utilities and the relative cost of upgrading them, so there is a need for a stronger dialogue between the utility companies and others, particularly at a local level.

The 'Future proofing the capacity of utilities in Greater Lincolnshire', provides an overview of the provision of electricity, water (supply and drainage), and gas infrastructure in the area. This is due to the Greater Lincolnshire Local Enterprise Partnership and Local Authorities becoming increasingly aware that development

activity within the Greater Lincolnshire area is potentially being hampered, because of constraints on the supply of utilities.

Experience has shown us that many local investments can become stalled owing to the limited availability of utilities and the relative cost of upgrading the necessary infrastructure.

On this basis a report into, The 'Future proofing the capacity of utilities in Greater Lincolnshire', was commissioned, together with a wide partnership from Greater Lincolnshire to underpin the activity. This Study has now been completed, and this report will provide an outline of the report recommendations, and proposed next steps.

2. Purpose of Report – Summary of report findings

A long-term commitment to infrastructure investment is critical in efforts to accelerate employment and housing, and productivity growth across Greater Lincolnshire. However action is also needed immediately, to deal with network infrastructure capacity shortfalls being encountered on a regular basis - and ease the pressures on land development in the short term. In addition new solutions will be needed for the inter-related system challenges, which will need to be faced by Greater Lincolnshire into the future.

Providing a reliable infrastructure will allow Greater Lincolnshire to achieve its ambitions and potential. However many partners are stating that investments can stall due to the limited availability of utilities, and the relative cost of upgrading them.

In summary the study findings:

- Provide evidence that there is an issue of utilities capacity, hindering the full development potential of Greater Lincolnshire.
- Show that there is a lack of existing utilities capacity at proposed development sites, leading to increased associated costs and time implications of necessary reinforcement works.
- Identify that there are also a relatively high percentage of smaller developers, who are less able to bear the high costs of reinforcement.
- Clarify that the process of engagement between developers, local authority planners and utilities firms to establish the nature, scale and cost of required reinforcement works is complex, un-transparent and lacks consistency.
- Outline that investments are needed not only in maintaining and replacing existing infrastructure, but also upgrading and building new facilities and networks. However we are aware that this is happening under the pressure of optimising expenditure, and maintaining or increasing efficiency.
- Are supported by a Government that recognises (through White Paper consultations), and accepts that utilities have the potential to hinder future growth.

These issues appear to be partly a result of Greater Lincolnshire's natural characteristics. These factors include the relatively peripheral and rural nature of the area, and relatively low land and property values, leading to issues of viability.

3. Details of the overall costs burdens identified by the study

In the final study, estimates for the utility capacity we will need, was looked at in more detail for 25 sites across the Greater Lincolnshire area.

The study findings show that:

- Costs for abnormal reinforcement works, for the 25 strategic sites assessed, were estimated to be around £125m in total.

If this figure was applied to all development planned to be delivered in Greater Lincolnshire in next twenty years or so:

- It would equate to abnormal utilities costs of around £250m, which is a significant upfront investment.

4. How do we take this forward?

Greater Lincolnshire has to find a solution to its long term utilities needs in order to fulfil its potential for the UK and locally. This will involve working on a number of areas, namely:

- Investigating the true energy requirements for growth aspirations over the next 20 years
- Assessing what gaps may be present (if any) between these requirements, and investments to be made by utility companies over that time period
- If a gap is found to be present through a national infrastructure provision, ascertaining what innovative local solutions could be put in place to augment available options
- What investment value would be needed to achieve all of this, and then identify the most appropriate financial models to support this

We now have in place a utility infrastructure report which outlines a number of issues and recommendations for the Greater Lincolnshire area. The next phase of activity will be to turn these findings into a set of 'calls to action', for a range of identified stakeholders.

The ultimate vision/direction would be to establish a utility infrastructure action plan designed to minimise the risk of utility infrastructure being a barrier to the growth strategy for the LEP area.

Within the report there are three main areas of consideration in moving the utility infrastructure agenda forward, namely:



Within all of this there will be areas of activity that will be outside the purview of local partners, and it will be important that everybody plays a correct part in what is a complex national issue.

The following diagram shows how all of these themes interlink, with an indication of what and who should be taking a lead on looking at, and delivering the required solutions to these issues.

In board terms the areas to engage with are at a:

- Strategic/National engagement level
- Regional Partnership Co-operation level
- LEP support level

Within each of these levels, there are a number of activities associated the right set of organisations/individuals, to get the best co-ordinated response to the findings.

The diagram below shows how these levels and activities interact.



In terms of leadership that the County Council and LEP can actively take on board, the following descriptions of the activities outline their scope:

- **ENERGISING OUR SECTOR AND BUSINESS GROUPS** - Communication is essential, to build sector links across Government and research, to listen to business and understand their needs. This will also highlight future opportunities and technological directions in each area, and to promote the funding opportunities we offer businesses to help them grow
- **ILLUMINATING THE DATA INFORMATION FLOW** – Supporting the utility companies' need to make data on infrastructure in our area available, and the impact it has more visible, which in turn will help inform strategic investment decisions.

This last point will be important as we will also need to ensure that from our part that in terms of:

- **PLANNING AND PREDICTABILITY** - that the planning process overcomes issues around early engagement of utilities with planning authorities, ensuring that there is a reliability of cost and timescales estimates from utility companies, which is given to developers for reinforcement works. This is particularly important, due to noted uncertainty over commercial development

All of the above information around this vision/direction is inextricably linked to wider energy strategy work, which is being undertaken by the Greater Lincolnshire LEP at the present time. More importantly all of this work will ultimately feed into the energy chapter of the Greater Lincolnshire Local Industrial Strategy document.

Specific next steps

As stated above, there are three main areas that next steps should cover:

1. establishing a strong lobby for greater Lincolnshire on utilities (described above as "Energising our sector and business groups")
2. making sure that good quality information is collected and given to organisations who need to hold it (described above as "Illuminating the data information flow")
3. increasing the dialogue between businesses, planning organisations, and the utility providers (described above as "Planning and predictability")

The proposed next steps are:

Establishing a strong lobby

1. Create a "Utilities Champions" panel of local businesses which can inform the LEP and local government about current utility matters and can also provide a private sector voice to our lobbying.
2. Provide regular briefings on our utilities work to decision makers at local and national level so that greater Lincolnshire's utility needs are prioritised.

Collecting good quality information

1. Use the utility study and the information provided by the "Utility Champions" panel to produce a series of pithy fact sheets.
2. Undertake a further study which provides more detail about greater Lincolnshire's utility demand, with a particular emphasis on the affordability of different solutions at specific sites. This study would be grant funded.

Increasing the dialogue between businesses, planning organisations, and utility providers

1. Deliver a seminar programme through the Business Lincolnshire Growth Hub which helps businesses to address their energy concerns, partly by adapting processes to reduce energy demand and partly through

understanding the planning process and the way that utility providers respond to business demand.

2. Produce an "Energy chapter" of the Local Industrial Strategy so that the utility challenges in greater Lincolnshire are properly communicated to, and prioritised by, policy makers.

5. Conclusion

We have been able, through the utility study, to gain a better understanding of the issues facing the infrastructure side of delivery. This has been an important piece of work to do, as we do not have at present a comprehensive energy strategy to underpin the growth aspirations outlined in our strategic economic documents.

We also have a great opportunity; within the energy strategy work outlined above, to expand our baseline understand of the wider energy agenda, so that the two areas of activities can be ultimately combined into a detailed and achievable set of proposals within the Local Industrial Strategy document.

Importantly throughout the whole process we will also have been able to engage with a wide set of interested parties, whilst developing these proposals. This will be important to ground proposals with local aspirations for continuing growth.

The ultimate vision/direction would be to establish a utility infrastructure action plan designed to minimise the risk of utility infrastructure being a barrier to the growth strategy for the LEP area. This would then be included, alongside further energy strategy work, into a comprehensive energy chapter within the emerging Local Industrial Strategy document for Greater Lincolnshire.

6. Consultation

a) Have Risks and Impact Analysis been carried out?

N/A

b) Risks and Impact Analysis

N/A

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Better Utilities – Greater Lincolnshire, Greater Prosperity, an Executive Summary Document

8. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Andrew Brooks, who can be contacted on 01522 550631 or Andrew.Brooks@lincolnshire.gov.uk