AECOM

SURREY INFRASTRUCTURE STUDY

January 2016

Executive Summary

AECOM were commissioned by the Surrey local authorities to prepare an Infrastructure Study for the county. The Study aims to assemble an evidence base, setting out the county's infrastructure requirements in the context of planned growth and estimating likely costs and funding gaps.

This report sets out findings following a desk based assessment carried out by AECOM in parallel with dialogue with the county council, local authorities and other infrastructure providers in Surrey.

This study presents an overview of growth patterns and the infrastructure projects needed to support such growth, their costs, how much funding has already been secured or is expected toward their delivery and the funding gap for the period up to 2030. It has been produced drawing upon information obtained from the county and local authorities, and following a period of engagement with infrastructure providers, but also includes some broad funding and cost assumptions and modelling work with associated limitations that may differ from those used in local infrastructure delivery plans and documents.

It provides a "snap-shot" in time, reflecting the position as of July 2015 and is not intended to supersede or replace local studies, which may have used different metrics that better reflect local circumstances

The preparation of the infrastructure study has highlighted the need for continued collaborative working between the county, local authorities, the Local Enterprise Partnerships and other service providers ranging from the NHS to the numerous utility companies.

It has also shown that shortfalls exist in terms of a standardised agreed approach towards a study of this kind including the collection of data on housing and employment sites, population forecasting, modelling infrastructure requirements and the costs and funding assumption for that infrastructure.

The following key findings are highlighted:

- Surrey authorities are planning to accommodate housing and economic growth over the 15 year period to 2030 delivering on average **3,137 dwellings per year.** This compares to completions of 2,495 dwellings per year across Surrey from 2010 to 2014.
- **47,053 dwellings** are expected between 2015 and 2030 with an associated population **increase of 60,991 people** (an increase of 5%).
- Delivering the necessary infrastructure to support that growth from now to 2030 is estimated to **cost at least £5.37 billion.**
- The study has estimated a combination of secured funding (over £993 million) and potential funding from the public sector, private sector and developer contributions (£1.23 billion). It is important to note that a full review of the funding position for each project included in the study is required to refine this estimation. This has been outside the scope of this project.
- Taking into consideration the potential funding identified, a **minimum gap in infrastructure funding of £3.2 billion** still remains between now and 2030.
- The study demonstrates that current anticipated developer contributions. Central Government grants and other sources of income are not sufficient to support the scale of growth anticipated in Surrey in the period to 2030. This is without consideration of further potential changes to current funding sources which may reduce finances further, such as reduction in grants or additional exemptions from the Community Infrastructure Levy (CIL).
- CIL is at varying stages of adoption across the county reflecting variations in land value and the amount of money that will be collected. The identified funding gap should be considered and taken into account when setting CIL rates.
- The infrastructure requirements and associated costs presented represent a **minimum scenario** as these are based on a population forecast constrained by planned housing sites as opposed to ONS population forecasts.
- **ONS population forecasts for Surrey over the same 15 year period are 132% higher than the study forecasts.** The estimated costs associated with the infrastructure to support population growth could therefore be increased considerably if a growth level nearer the ONS forecast was realised.

The following key steps have been identified for Surrey and its partners to take the study findings forward:

- Revisit the evidence base behind this study on a regular basis in collaboration with partners to maintain a rolling understanding of the infrastructure landscape and funding priorities.
- Consider the implications of infrastructure providers decisions both now and in the future. This study has used standard metrics to determine requirements for some infrastructure elements (such as healthcare, libraries, community and leisure, youth services, social care accommodation etc), but the actual requirements will be heavily dependent on service decisions on new delivery models which are affected by regulatory, financial and technological changes.
- Use the study as a tool for engagement with Central Government in demonstrating the challenges faced in supporting growth within the county and continue dialogue with the GLA and CLG on wider growth issues including London overspill.
- Continue to work with local authorities and other infrastructure providers to maintain an up-to-date understanding of growth distribution and supporting infrastructure.
- Use the study as a basis for identifying local level shortfalls to support bids for future funding, including potential means outlined in Section 6.
- Develop a wider linkage to asset management reviews to best utilise county council estate.
- Continue to work with the Local Enterprise Partnerships and other local authorities in the South East on strategic issues and priorities - in particular transport - to support growth. This may include linkages to London and radial routes to better connect the wider South East. In addition, considering the impacts of major infrastructure proposals such as airport expansion and the Crossrail extension.
- Improve understanding and dialogue with evolving infrastructure delivery and management regimes, i.e. NHS services, adult education, library services etc.
- Develop a long-term strategy for infrastructure investment and how it relates to planned growth, phasing, and the relationships (ie potential synergies and conflicts) between different types of investment .

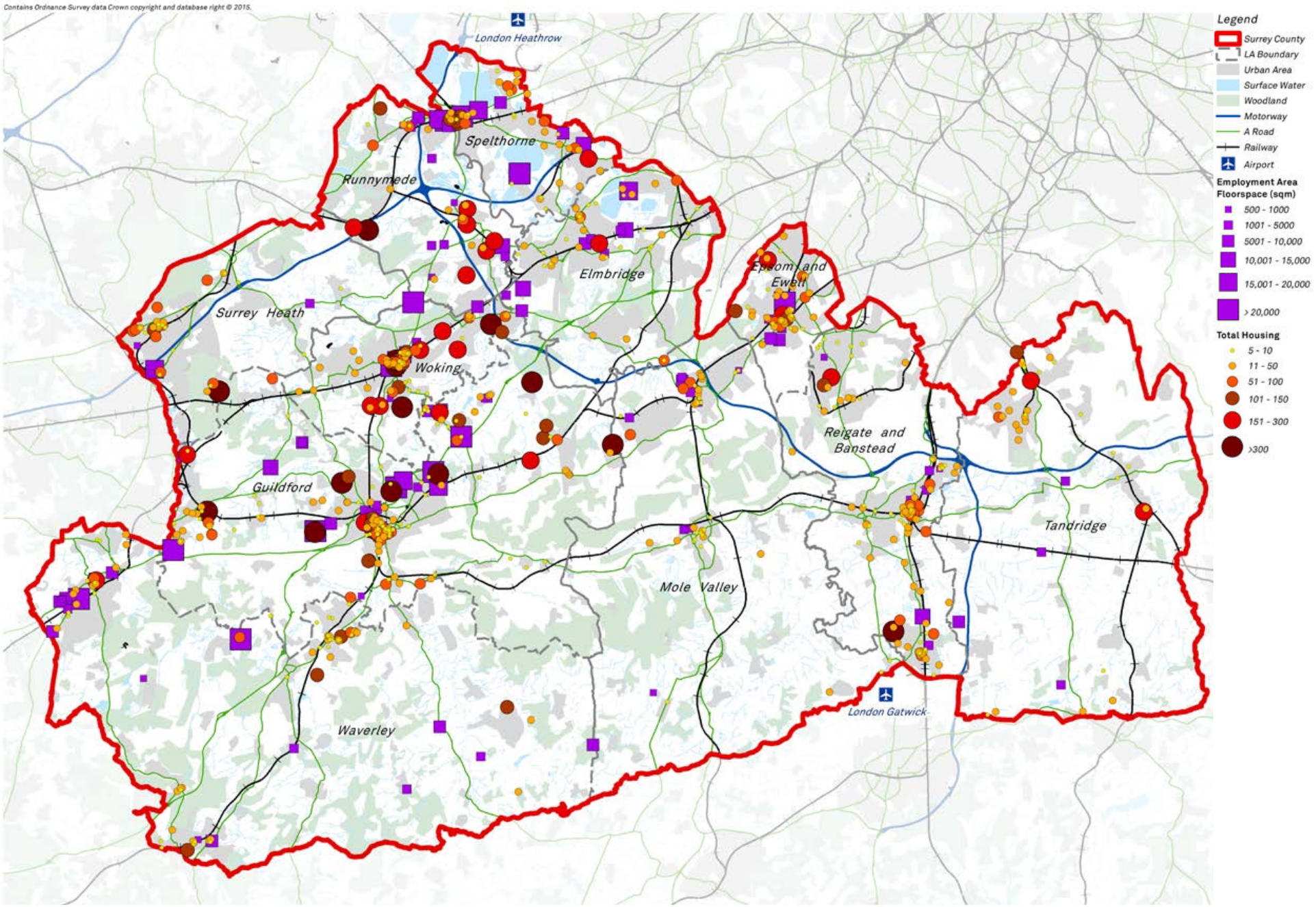

FIGURE A - STUDY AREA AND MAJOR HOUSING/EMPLOYMENT SITES

* This is based on the most up to date information at the time of publication and could be subject to change, subject to review of planning policy documents

Source: Local Authority data

SURREY

THE INFRASTRUCTURE STUDY IDENTIFIES THE FOLLOWING HEADLINES FROM 2015 TO 2030:

47,053
new homes

60,991
new people

59,000
new jobs

Total Infrastructure Costs: **£5,368,480,000**

Total Secured Funding: **£933,760,000**

Total Expected Funding: **£1,231,890,000**

Total Funding Gap: **£3,202,830,000***

% of Infrastructure Funded: **40%**

** (considering both secured and expected funding)*

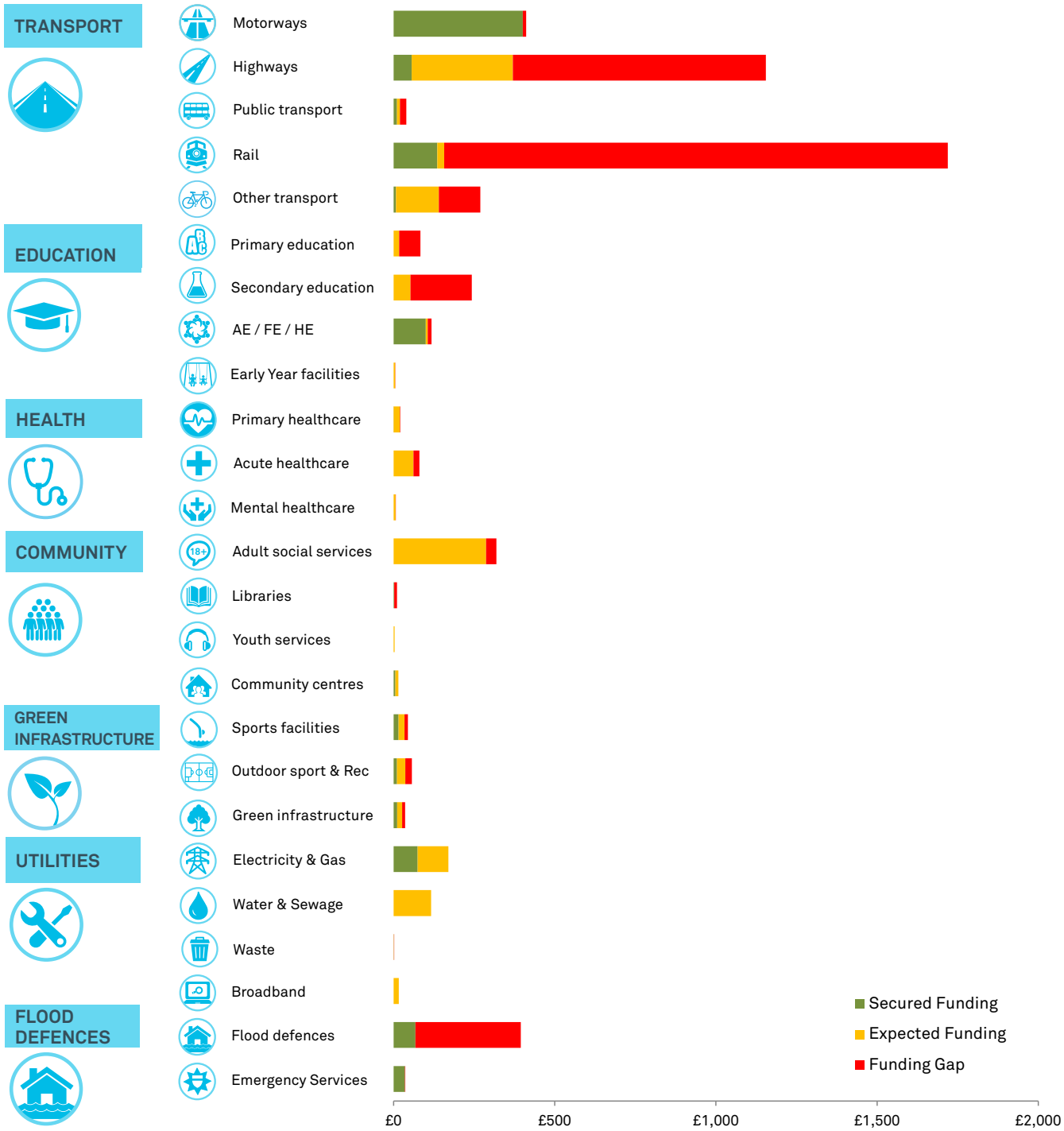

FIGURE B -SUMMARY OF INFRASTRUCTURE PROJECT COSTS AND FUNDING GAPS (2015-2030)

The diagram on the facing page illustrates the range of infrastructure required to support the delivery of 47,053 new homes from social infrastructure to transport and utility networks, open space and flood protection.

Our analysis has identified the potential costs of delivery alongside currently identified secured funding, potential funding from public, private and developer contributions and the remaining funding gap.

Having considered the range of potential funding options the analysis highlights more than £3.2 billion in funding gap between 2015 and 2030.

A similar level of investment in infrastructure is required across each of the three phases. However, given the budgets for beyond 2020 have not yet been set, it is difficult to gauge any degree of certainty regarding the level of investment beyond this date. Based on the information available, each phase currently has a significant funding gap identified.

Guildford is shown to have the largest infrastructure costs and gaps due primarily to a large number of major transport projects in the local authority. Woking and Reigate & Banstead are also shown to have considerable infrastructure costs to support growth.

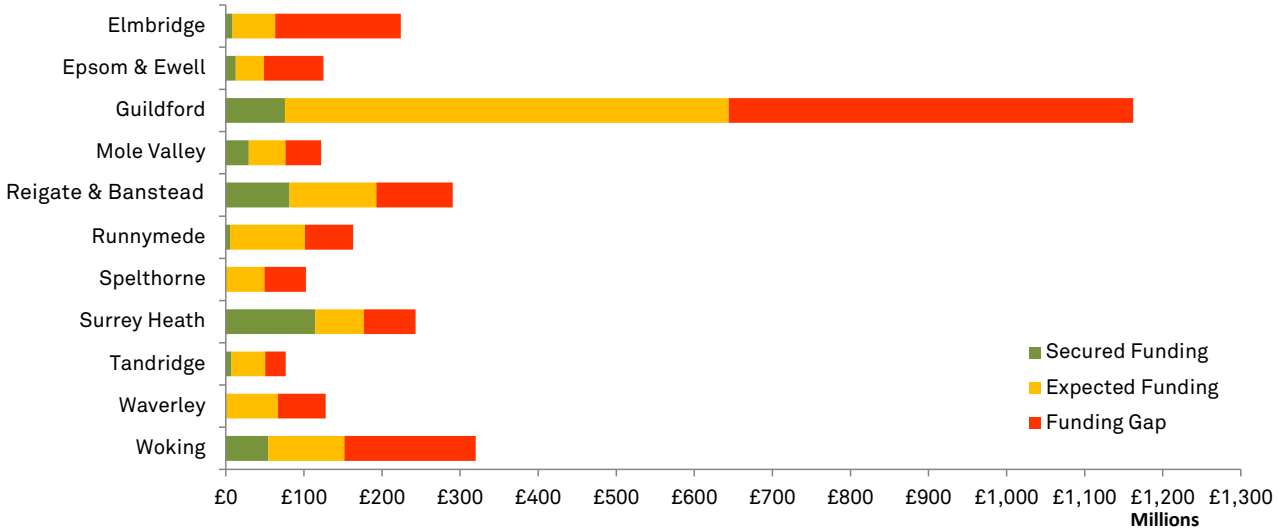

FIGURE C - TOTAL COST OF INFRASTRUCTURE AND ESTIMATED FUNDING

FIGURE D - TOTAL INFRASTRUCTURE COSTS AND ESTIMATED FUNDING

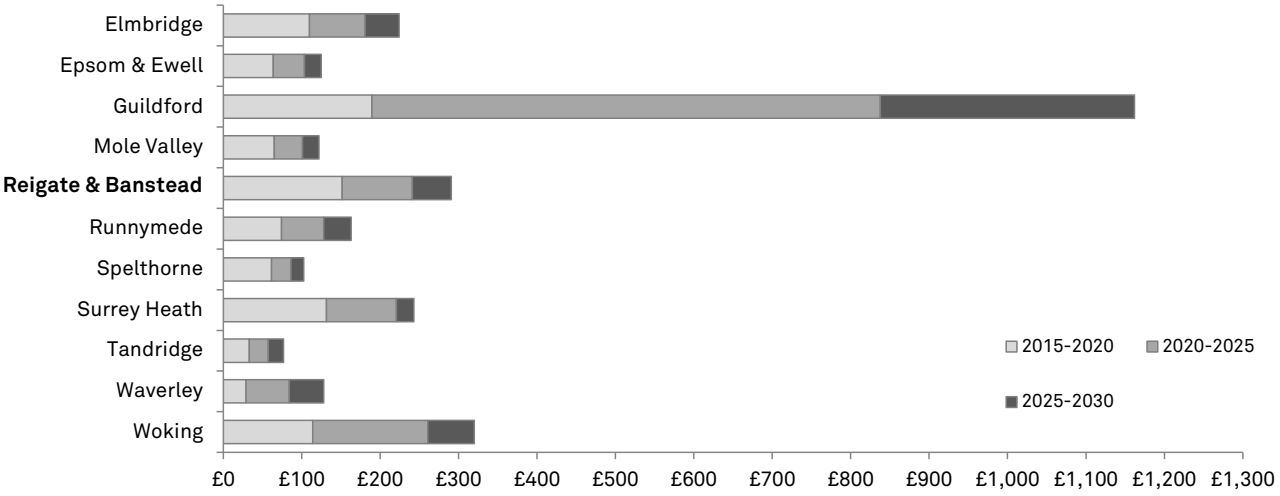

FIGURE E - ESTIMATED PROJECT COSTS BY PHASE