

SURREY COUNTY COUNCIL**CABINET****DATE:** 23 FEBRUARY 2021**REPORT OF:** MR COLIN KEMP, DEPUTY LEADER AND CABINET MEMBER FOR INFRASTRUCTURE**LEAD OFFICER:** KATIE STEWART – EXECUTIVE DIRECTOR FOR ENVIRONMENT, TRANSPORT AND INFRASTRUCTURE**SUBJECT:** SURREY INFRASTRUCTURE PRIORITISATION**ORGANISATION STRATEGY PRIORITY AREA:** Growing A Sustainable Economy So Everyone Can Benefit, Enabling A Greener Future, Empowering Communities and Tackling Health Inequality**SUMMARY OF ISSUE:**

Investment in infrastructure is essential for sustainable economic growth and to cater for the changing needs of Surrey's businesses and communities. It supports the sustainable delivery of housing and economic growth, and it can improve and enhance the environment.

To this end, Surrey County Council is working with partners in the development of a Surrey Infrastructure Plan, which builds on the Surrey Infrastructure Study, which was originally undertaken in 2016, refreshed in 2017, which identified the infrastructure required to support planned growth to 2031 and the funding required to fund that infrastructure. As the 2017 study identified a funding gap of £2.47bn, the development of an Infrastructure Plan will enable the Council and partners to better prioritise and pursue funding to deliver the infrastructure the county needs.

The Infrastructure Plan will prioritise projects in the county over the short, medium and long term to support "good growth," as defined in Surrey's 2050 Place Ambition, with a commitment to environmental, place and health and wellbeing outcomes.

This report sets out the next step in the development of that Plan – the prioritisation framework that will be used to provide an evidence-based approach to identifying the county's infrastructure priorities. The adoption of an Infrastructure Prioritisation Framework marks a significant step in the development and delivery of a wide range of infrastructure schemes by Surrey County Council and its partners.

RECOMMENDATIONS:

It is recommended that Cabinet:

1. approve the Surrey Infrastructure Prioritisation Framework,
2. approve further engagement with key stakeholders, including the Districts and Boroughs to review the assessed schemes to develop a prioritised list of projects and,
3. agree individual schemes be submitted to cabinet seeking approval for implementation when the Outline Business Case has been developed and funding identified as necessary.

REASON FOR RECOMMENDATIONS:

The recommendations will enable the development and delivery of an Infrastructure Plan that includes schemes that meet a wide range of outcomes as well as demonstrate deliverability and affordability. The long list of schemes that have already been identified following discussions with officers from Surrey's district and borough councils since late 2019 will be assessed using the Prioritisation Framework and will lead to the creation of a prioritised shortlist of schemes. Further feasibility work undertaken can then be undertaken to produce an Outline Business Case (OBC) for each scheme. Subject to a positive OBC and the identification of funding schemes will then be reported back on an individual basis to Cabinet seeking approval to implement as necessary.

The process is intended to remain ongoing with new schemes added to the long list as they are identified, and a continuous programme of schemes developed taking them from concept through to delivery.

DETAILS:

Background

1. Investing in the county's infrastructure is essential for sustainable economic growth, to support new housing, including affordable housing, as well as business growth, whilst tackling climate change. Infrastructure is a wide-ranging term, and in this context, refers to a whole range of physical assets that support the functioning of a community – from schools to roads, energy to community facilities – and which are delivered and/or maintained by a whole range of partners. Together this infrastructure is critical to the functioning of our communities across the county.
2. Infrastructure improvements support all four of Surrey County Council's priority objectives as contained in its Organisational Strategy 2021-2026:
 - Growing a sustainable economy so everyone can benefit
 - Tackling health inequality
 - Enabling a greener future
 - Empowering communities
3. In addition, the delivery of infrastructure is seen as critical to the Economic Strategy for Surrey (*Surrey's Future Economy: Our 2030 Strategy Statement*). This was considered by Cabinet on 15 December 2020, and the Cabinet report notes the links between the two agendas including:
 - Recognising the role of the One Surrey Growth Board which will act as the voice of Surrey to ensure Surrey's infrastructure needs are heard and recognised in future Government investment priorities and funding which supports the growth of Surrey.
 - Priority 1 of the Economic Strategy to grow the leading edge through supporting Surrey's innovative economy. This will include ensuring capacity for expansion of established and emerging innovative and high value businesses. The Economic Strategy will seek to develop a better understanding of the supply and demand for additional employment space as well as considering the strategic digital infrastructure needed to drive this innovation.
 - Priority 2 of the Strategy to take a 'whole place' approach to growing and sustaining quality places. This includes a strategic approach to providing the

infrastructure needed to support a balanced economy, taking a future-focused and coordinated approach that aligns localities with digital and transport connectivity to accelerate housing delivery and enable economic resilience. The emerging Digital Infrastructure Plan for Surrey will also set out prioritised programmes of work which recognise economic and wider outcomes and the role that digital infrastructure can have in supporting all corporate priorities.

4. Infrastructure is also highlighted as a key objective in the Surrey Place Ambition. This was originally developed in 2019 with the aim of proactively managing growth while at the same time investing in the right infrastructure and assets, and enhancing the character of the natural environment that makes Surrey the unique and attractive place it is for residents, businesses and visitors alike. The Place Ambition has been developed in partnership with the district and borough councils through the Surrey Futures Board (a board which brings together the Enterprise M3 and Coast to Capital Local Enterprise Partnerships, the Gatwick Diamond Initiative, the Surrey Nature Partnership, the Surrey Employment and Skills Board, Surrey County Council and Surrey Districts and Boroughs).
5. In fact, the principles and values of the Place Ambition include an aim to focus growth and infrastructure investment in areas that, with the right interventions, offer the greatest potential to support long term sustainable growth and increased productivity, including through enhanced connectivity – for which the right infrastructure in the right place is critical.
6. However, there are significant challenges facing the Council and partners in the delivery of infrastructure in Surrey. The Surrey Infrastructure Study, which was originally published in 2016 and then refreshed in 2017, identified the full range of infrastructure required to support planned growth to 2031, and costed that infrastructure as well as the likely funding available to deliver it. The Study demonstrated that delivering the necessary infrastructure to support growth planned in Surrey to 2031 was estimated to cost at least £5.51 billion with only £3.04 billion of potential funding identified. It further identified the sheer complexity of delivering much of the required infrastructure – with a plethora of stakeholders involved, leading to challenges in delivering at pace.
7. Recognising the infrastructure imperative, but also the challenges identified by the Infrastructure Study, the Council is proposing to develop a Surrey Infrastructure Plan – which will answer these challenges by enabling partners to robustly prioritise the infrastructure needed in the county, as well as starting to identify the strategy to then deliver that infrastructure.

Surrey Infrastructure Plan – Vision & Objectives

8. The first stage of developing the Surrey Infrastructure Plan was to produce a comprehensive baseline report, a summary document containing the key findings and ‘so what’ analysis from the baseline and a Vision and Objectives for the Plan. These were completed by the Summer of 2020 and approved by the Surrey Futures Board in September 2020.
9. The vision as stated in the Surrey Infrastructure Plan – Vision and Objectives document, 2020 is that *‘Surrey is a county of well-loved neighbourhoods with healthy and thriving communities and an excellent quality of life. Infrastructure investment has helped realise ‘good growth’ - increasing productivity, enhancing connectivity and places, and improving health and wellbeing. Surrey is an exemplar for innovative*

approaches to infrastructure planning and delivery – a destination of choice for industry trialling next generation infrastructure’.

10. The 15 objectives in the Surrey Infrastructure Plan are derived from the full range of strategies that impact on and determine the county’s priorities for placemaking – from the Place Ambition, the Surrey Climate Change Strategy, the Surrey Health and Wellbeing Strategy, the Local Transport Plan, the Local Plans of the districts and boroughs, and Council’s own organisational strategy. By bringing together a comprehensive set of objectives that capture the intent of this full range of strategies, the Plan will enable the Council and partners to take a truly integrated view of infrastructure that delivers not just for one agenda at a time.
11. The Plan objectives are set out below:
 - Objective 1 - Contribute to high value, productive and sustainable economic growth
 - Objective 2 - Achieve net zero carbon emissions by 2050, or earlier
 - Objective 3 - Improve infrastructure resilience
 - Objective 4 - Facilitate sustainable development of critical infrastructure
 - Objective 5 - Promote productive and multifunctional places
 - Objective 6 - Create resilient landscapes
 - Objective 7 - Improve community access to open space
 - Objective 8 - Improve connectivity between town centres and their surrounding neighbourhoods
 - Objective 9 - Improve social infrastructure to meet the needs of a growing population
 - Objective 10 - Deliver infrastructure that promotes sustainable transport choices
 - Objective 11 - Deliver infrastructure that improves accessibility to the network for all
 - Objective 12 - Deliver transport infrastructure that maximises the potential of Surrey’s strategic location within the South East of England
 - Objective 13 - Develop Surrey as a world-class digitally connected peri-urban area
 - Objective 14 - Grow Surrey as a county that thrives on smart infrastructure and the smart choices of its citizens
 - Objective 15 - Promote Surrey as a testbed for next generation infrastructure and associated digital products and services
12. The vision and objectives have been developed and shared with partners through the Surrey Futures Board.

Surrey Infrastructure Plan – Proposed Prioritisation Framework

13. In October 2020, the work on the next stage of the Surrey Infrastructure Plan commenced with the development of a Prioritisation Framework.
14. Historically, a majority of infrastructure capital schemes – whether for a road or a particular local community facility - are identified through a variety of sources including the Local Plans of the district and borough councils. Depending on available funding and community support, they are progressed through the development stage and then to implementation. However, the process tends to be iterative and ad hoc, and there is no method for comparing any scheme against another, nor is there any intelligence available as to the extent to which the whole list delivers against the county’s objectives and outcomes. More importantly, whilst individual schemes are reviewed for value for money in their own right, there has been no consistent approach to evaluating the value of schemes in a way that would allow members to compare the value of different schemes to provide maximum value for money across the entire pipeline of projects.

15. With the introduction of the proposed Prioritisation Framework, a new planned approach will enable all schemes to be reviewed in a consistent fashion, providing a strong focus on outcomes and a scheme's deliverability.
16. The 15 objectives set out in paragraph 11 will have a range of outcomes which are noted below in **Tables 1 and 2**. The proposed approach is to establish a five-point scoring system of -2 through to +2 for which each scheme that is proposed is scored against these Outcomes. A score of -2 would indicate the scheme has a negative impact on the outcome whilst +2 shows it would contribute. This will mean that schemes that relate positively to more outcomes will most likely score higher than those that do not.

Table 1: Prioritisation Framework showing outcomes related to Objectives 1-8

Objective	Project Outcome	Objective	Project Outcome
1	Contribute to high value, productive and sustainable economic growth	5	Promote productive and multifunctional places
	1a Increase GVA per capita by 2030	 	5a Promotes urban-rural interconnectivity across Surrey
	1b Achieve productivity growth in key sectors		5b Reduces waste and promotes the circular economy
	1c Accelerate the delivery of new housing (including affordable housing)		5c Encourages innovation and the expansion of industry
			5d Expands green infrastructure networks
2	Achieving net zero carbon emissions by 2050 or earlier	6	Create resilient landscapes
	2a Carbon emissions reductions		6a Enhances flood protection and mitigation
	2b Carbon sequestration and storage impact		6b Improves air quality
3	Improve Infrastructure Resilience		6c Promotes bio-diversity net gain
	3a Mitigates impacts of future environmental or systemic shocks or stresses on homes in Surrey		6d Contributes towards the delivery of a Nature Recovery Network
	3b Mitigates impacts of future environmental or systemic shocks or stresses on businesses in Surrey		6e Promotes a natural capital approach
	3c Reduced need for future investment to mitigate the effects and maintain infrastructure performance in the face of external shocks and long-term stresses.	7	Improve community access to open space
	3d Reduced costs for emergency response measures	 	7a Increases recreational and leisure opportunities
4	Facilitate sustainable development of critical infrastructure	 	7b Improves residents access to healthy and green spaces
	4a Future growth can be delivered without exploiting further natural resources or increase pollution levels	 	7c Enhances the quality and opens up green spaces
	4b Promotes renewable energy generation	8	Improve connectivity between town centres and their surrounding neighbourhoods
			8a Reduces journey times to work
			8b Improves journey time reliability within Surrey
		 	8c Positive impact on Surrey's high streets

Table 2: Prioritisation Framework showing outcomes related to Objectives 9-15

Objective	Project Outcome	Objective	Project Outcome
9	Meet the needs of a growing population	12	Maximises the potential of Surrey’s strategic location within the SE
	9a Increases local provision of services to meet the needs of the future population		12a Reduces journey times on key freight and HGV routes
	9b Improves social equity		12b Reduces road congestion across Surrey
	9c Reduces health inequality	13	Develop Surrey as a world-class digitally connected peri-urban area
	9d Channels improvements to the neediest and fastest growing parts of the county		13a Improves digital connectivity across Surrey for residents and businesses
10	Promotes sustainable transport choices		13b Reduces the digital divide between the best and least-well connected communities or population segments
	10a Improves journey times by public transport	14	Growth that thrives on smart infrastructure and the smart choices of its citizens
	10b Improves safety for walking and cycling		14a Enables a stronger data environment to enable data-driven decision making
	10c Reduces the number of people travelling by car		14b Promotes data sharing across and between the public and private sector
	10d Increases the number of public transport journeys	15	Promote Surrey as a test-bed for next generation infrastructure
11	Deliver infrastructure that improves accessibility to the network for all		15a Incorporates new technologies and a test-bed environment
	11a Improves access to online transport information		
	11b Impact on Surrey’s ageing populations travel choices		
	11c Reduces social isolation amongst rural communities		

- It is proposed that initial scoring would be carried out by officers in the Council’s Infrastructure, Planning and Major Projects team, but that this initial score is checked and validated by representatives from a sub-group of the Surrey Futures Board, which will ensure that the perspective of partners critical to delivering these outcomes is considered in the final scoring. A technical note accompanies this report which describes the proposed methodology in more detail.
- In addition, a further assessment of each scheme’s affordability, deliverability and level of community support will be undertaken, and additional scoring of these factors made – see **Table 3**. These scores will then be combined with the scoring against the objectives and outcomes to provide an overall score.

Table 3: Prioritisation Framework showing affordability and deliverability criteria to be assessed

Objective	Project Outcome	Objective	Project Outcome
16	Project is timely	18	Project is deliverable
	16a Anticipated project start date		18a Governance in place for the delivery of the project
	16b Anticipated project completion date		18b Project is technically achievable and deliverable
	16c Likelihood of delivery delays impacting programme (timing certainty)		18c Project is included in the current development plan
17	Project is affordable		18d Relevant consent or planning permission for implementation
	17b Project has identified capital funding package (funding security)	19	Project is acceptable
	17c Scale of ongoing revenue impact on Surrey CC budget, including revenue generation potential		19a Project delivers good value for money / return on investment
	17d Certainty of project costs (funding certainty)		19b Stakeholder support – residents
	17e Impact on Surrey CCs ongoing programme spending costs		19c Stakeholder support – local businesses
			19d Support from other public bodies and statutory agencies

- Finally, an assessment will be made of the quality of information that is available to be able to undertake the scoring for any given scheme. In some cases, a high level of data and information will be available whereas in other cases the scheme may only be

at an early concept stage and very little information exists and therefore estimating or assumptions will need to be made.

20. The prioritisation framework has been designed to enable users to consider the choices in relation to projects, or groups of projects, in terms of their performance against Surrey’s strategic priorities and the Infrastructure Plan Vision and Objectives, as well as deliverability and quality of information available about projects. It will not result in a list of ranked projects based on the scores attributed to the various outcome measures (although that information will be available for review); rather, it will allow the user to make robust judgements regarding potential projects and/or groups of projects. These will be tested against local priorities through local members and communities.

Surrey Infrastructure Plan – Draft Project Strategy

21. The final stage in the development of the Surrey Infrastructure Plan is the development of the Plan itself – effectively a strategy setting out projects that can be delivered and an indication of potential funding sources and financing options. These would be grouped into themes, themselves being flexible to allow to be aligned with emerging government funding priorities.

22. Proposed categories or themes are set out in **Table 4**.

Table 4: Proposed infrastructure categories

Main Category	Utilities	Social & Economic	Environment	Place	Transport
Sub Categories	Digital	Education	Blue Infrastructure	Open Space	Highways
	Waste	Health & Social Care	Green Infrastructure	Countryside	Rail
	Energy	Community			Buses
		Economic			Sustainable Transport
		Fire & Rescue			

23. The Strategy will include projects set out by the categories shown in **Table 4** and by geography (both the locations and the impact of the infrastructure broken down by district or borough, county-wide or cross-border). Details regarding their score against the outcomes and delivery as well as the quality of the information used to make the assessment will be provided. Further information covering estimated costs, funding sources, possible duration and a proposed way forward will be included where possible.
24. Schemes can then be selected from each category and, subject to further feasibility work and stakeholder engagement, can then be added to the Council’s capital programme pipeline. Depending if funding for delivery is available, projects will then be

reported to Cabinet for approval to implement and be placed in the Council's formal capital programme.

25. A whole range of funding options will be considered and will include a range of sources such as Government funding including the Single Housing Infrastructure Fund, the Levelling-Up fund, Community Infrastructure Levy, S106 Planning obligations, private sector funding, and the Council's own capital funding via borrowing. The Treasury recently announced a new funding vehicle will be established for the UK, an Infrastructure Bank, the details of which are being established. It will be launched in the Spring and it is anticipated that further guidance and detail about this 'bank' will be announced in the Budget. The bank is likely to use a range of financial tools to help fund and finance projects and will be seeking pilots to work with from across the country. As we move out of the pandemic, the Government are also likely to be looking at land value capture models to deliver infrastructure and economic growth and are seeking the views of the private sector through the newly formed Build Back Better Business Council. New funding and finance arrangements are likely to demand new partnership and/or governance arrangements, which can deal with shared equity models and so forth. Further work is being undertaken to examine these funding and delivery models.
26. The initial programme will likely focus more on schemes from the Transport category, given the county's statutory role in delivery of many of these schemes and the obvious link to District and Boroughs' Local Plans. However, the intention is that the Surrey Infrastructure Plan will over time capture the full range of countywide infrastructure priorities. In addition, the development of the Plan will help to highlight gaps where particularly where there are gaps against particular priorities.
27. To provide an indication of the projects to be considered, **Annex 1** contains a list of 100 schemes from the Transport category. These schemes typically cost over £1million and have been put forward for consideration from a variety of sources including Districts & Boroughs, the Local Economic Partnerships and Transport for South East. This list of schemes will be assessed after Cabinet has considered this Report and prior to further engagement with key stakeholders such as District and Borough Councils. The list excludes schemes that are already in the Capital Programme and are being delivered and ongoing programmes such as highway maintenance. It is important to note that this list and that which the Infrastructure Plan ultimately includes is fluid, and projects can be added or removed as local situation and priorities change.

RISK MANAGEMENT AND IMPLICATIONS:

28. Further reports with detailed Business Cases will be submitted to Cabinet for individual schemes following stakeholder engagement and feasibility work. These will include specific risks and implications.
29. One of the key success criteria for the Surrey Infrastructure Plan is the engagement of partners, including the local district and borough councils, as well as national partners such as Homes England, Environment Agency and Highways England. There is a risk that partners are not effectively engaged, and that even with a Plan in place, the way in which infrastructure is planned and delivered remains as fragmented as it is currently. This risk is being mitigated by the Council's commitment to developing and delivering the Infrastructure Plan in partnership with Surrey Futures Board, which itself brings together partners under the Place Ambition, and which has consistently developed practical partnership activity to deliver a step change in how partners work together to

deliver places across the county. By building in the Surrey Futures Board into the scoring process, the Plan has a better chance of being “owned” effectively by partners across the county.

30. There is also a risk that the prioritisation framework is seen as taking decision-making away from Members by creating a quantitative approach to decisions about capital spending. To mitigate this risk, it will be made clear that the prioritisation framework and plan are meant to support existing member decision making processes, rather than remove or supersede them.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

31. The costs of developing the Surrey Infrastructure Plan have been met from the Council's Feasibility Fund. Further, the Council's capital pipeline contains an estimated figure for capital schemes that are likely to emerge from the prioritisation process and can be updated once schemes are identified and costs known. Further development work will be required for shortlisted schemes which will be funded from the council's Feasibility Fund or capital budget as appropriate.
32. Individual Business Cases will be reported to future Cabinet Meetings as necessary for approval to be moved from the capital pipeline to the programme including details of the funding either from external funding sources, a request for funding from the Council's own capital programme or a combination of the two.

SECTION 151 OFFICER COMMENTARY

33. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium term financial outlook beyond 2021/22 remains uncertain. The public health crisis has resulted in increased costs which may not be fully funded. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term. The Council's Medium Term Financial Strategy includes provision for development and delivery of infrastructure through the revenue budget and capital programme. Prioritising schemes within an Infrastructure Plan will help to ensure that resources are utilised in the best way and that best value is secured. As such, the Section 151 Officer supports the recommended approach.

LEGAL IMPLICATIONS – MONITORING OFFICER

34. The report is seeking approval to establish a Prioritisation Framework which will allow for the Infrastructure Plan to prioritise projects in the county over the short, medium and long term to support “good growth,” as defined in Surrey's 2050 Place Ambition, with a commitment to environmental, place and health and wellbeing outcomes, as well as propose innovative approaches to funding and financing.
35. The Council has significant statutory powers and duties and a critical role to play in the way its functions are discharged including the general power of competence further to the Localism Act 2011. The schemes listed in Annex 1 will be considered using the Prioritisation Framework set out in this Report and the legal implications for each scheme will be considered and advised upon on a case by case basis.

36. Consideration must be given to the best value duty is contained in s3 of the Local Government Act 1999 as a result of which the Council is under a duty to make arrangements to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The relevant guidance states that Councils should consider overall value, including economic, environmental and social value when reviewing service provision. The recommendations related to the framework lend itself to satisfying this duty.

EQUALITIES AND DIVERSITY

37. Equality Impact Assessments (EIA's) will be undertaken as part of each individual Business Case.

OTHER IMPLICATIONS:

38. The potential implications for the following Council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	No significant implications arising from this report.
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report.
Environmental sustainability	No significant implications arising from this report but see below.
Public Health	No significant implications arising from this report but see below

ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS

39. An Environmental Sustainability Assessment (ESA) will be undertaken as required as part of the individual Business Case development for each scheme.

PUBLIC HEALTH IMPLICATIONS

40. Public Health implications will be dealt with within the individual Business Cases.

WHAT HAPPENS NEXT:

41. All schemes currently identified and included in Annex 1 will be assessed using the Prioritisation Framework set out in this Report. Further engagement will be undertaken with local members and key shareholders including the Districts and Boroughs, the Local Economic Partnerships, Transport for South East, neighbouring local authorities and government agencies. Feedback from this round of engagement will inform the shortlist of schemes for which further feasibility work will be undertaken. Individual schemes that have an Outline Business Case and funding will then be reported to Cabinet seeking approval to implement.

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Consulted:

Surrey Future Steering Board – 9 December 2020

Communities, Environment and Highways Select Committee – 18 January 2021

Annexes:

Annex 1: Initial List of schemes to be assessed using the Surrey Infrastructure Plan
Prioritisation Framework

Sources/background papers:

Surrey Infrastructure Study, 2017

Surrey Infrastructure Plan – Baseline Summary, June 2020

Surrey Infrastructure Plan – Vision and Objectives, June 2020 (updated December 2020)

Surrey's Economic Future – Forward to 2030: Our Economic Strategy Statement,
November 2020

Surrey Infrastructure Prioritisation Framework – Draft Technical Note, January 2021

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