

# CABINET

## Arrangements For Handling Forthcoming Major Infrastructure Projects

9<sup>th</sup> November 2010

### Report of Head of Regeneration and Policy

PURPOSE OF REPORT			
To obtain the agreement of Cabinet to joint working arrangements with Lancashire and Cumbria District and County Councils to handle forthcoming major infrastructure projects relating to the upgrading of the national grid and nuclear new build proposals			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/> Referral from Cabinet Member
Date Included in Forward Plan			
This report is public			

#### RECOMMENDATIONS OF COUNCILLOR BRYNING

- (1) That Cabinet support the creation of operational working and governance arrangements between Lancashire and Cumbria Local Authorities to prepare for engagement in projects submitted to the Infrastructure Planning Commission for the national grid upgrade and new nuclear build.
- (2) That The Head of Regeneration and Policy continues to negotiate operational arrangements for the creation of a working consortium of Lancashire/Cumbria local authorities on behalf of the City Council, with nominations for Members to sit on appropriate governing panels delegated to the Leader once a call for them has been made.

#### 1.0 Introduction

- 1.1 There are significant modifications currently taking place to the way in which public services are to be provided, and the new government has already announced the abolition of a number of publicly funded organisations. The previous government had created the Infrastructure Planning Commission to handle the consents regime for major infrastructure projects which are in the national interest. The creation of the Infrastructure Planning Commission meant that local authorities would no longer handle planning applications for these projects. The projects would instead be submitted straight to the

Commission for examination by public inquiry before the giving of a consent would be considered. Whilst in theory this would simplify the consent process, in practice there remains a considerable role for local authorities in the preparing for the submission of schemes, workload which incidentally equates to that of preparing for a major public inquiry. There are no planning fees paid to the local authorities for this work.

- 1.2 Following the general election the new coalition government has decided to retain the bulk of the processes but to transfer the Infrastructure Planning Commission to become part of the Planning Inspectorate, and for final decisions on major projects to be made by Ministers. This means that there remains certainty about the way in which a number of emerging projects will be handled, and a number of local authorities such as Lancaster City Council are able to prepare for the schemes which they must become involved with.
- 1.3 Following consultation by the previous government on its national policies for nuclear new build it has become clear that there is considerable potential for new build schemes in this part of the North West. Sites at Sellafield and Heysham, together with two greenfield locations in West Cumbria have been nominated as sites where new reactors could be built to create a new generation of nuclear power stations. To facilitate these, and significant new offshore wind farm developments in the Irish Sea, the national grid throughout Cumbria and Lancashire requires a fundamental upgrade to link the new generation capacity into the national grid itself. Miles of existing distribution line will have to be replaced by larger transmission lines as the national grid network itself extends from the central areas of the country outwards towards the coast. A new ring around Cumbria will also have to link southwards through Lancashire to a grid connection near Burnley.
- 1.4 What this means is that a number of local authorities like Lancaster City Council have to consider how they are going to resource their involvement with major infrastructure projects. These will be very time consuming and intensive areas of work. Work has commenced already with informal fact finding workshops held by National Grid PLC with both the Cumbrian and Lancashire Local Authorities to examine the main issues which will arise with the national grid upgrade. These work packages have already demonstrated how much time and expertise will be needed to be devoted by local authorities to ensure that the Infrastructure Planning Commission processes goes smoothly. At a recent specialised seminar held for the authorities selected to engage with new nuclear build, Sir Michael Pitt, Chief Executive of the Commission made it clear that the local authorities role is of vital importance to the process, and without their active engagement, major schemes would be unlikely to progress effectively.
- 1.5 Members will of course realise that all this comes at the same time as the government is requiring the public sector to reduce in size. Recent staffing reductions here at Lancaster have reduced capacity in front line planning operations. Many of our neighbouring local authorities are facing similar restructures. What seems clear is that all unnecessary duplication in this emerging process needs to be removed and that there is an obvious advantage to be gained if the local authorities involved pool resources and expertise together. Once again the recent nuclear new build seminar demonstrated that teams of authorities are working together in other areas to handle these unusually large projects and in Lancashire and Cumbria common sense suggests that we do the same. This report will now explain

how it is proposed that we do this.

## 2.0 Proposal Details

- 2.1 To date there appear to be three linked major infrastructure projects which will materially affect Lancaster District. The upgrading of the national grid through Cumbria and Lancashire, the construction of nuclear new build at Heysham and the construction of nuclear new build at Sellafield, which would present significant issues for the district in terms of supporting workforce development, research and supply chain issues. Depending on the governments responses to the nuclear nominations these cases could come in sequence or with a degree of overlap. The current intention is for the first phase of new nuclear power stations to begin transmission of power in 2018 with the new national grid connections to be available by 2017. This means that the national grid submissions to the Infrastructure Planning Commission need to be made by 2011.
- 2.2 Informal discussions about potential effects have been attended by the Head of Regeneration and Policy, but it has quickly become clear that there is an urgent need to organise the Lancashire and Cumbria local authorities in such a manner that they can handle the schemes in a joined up manner which also includes the Lake District National Park Authority, before formal discussions begin to take place in the pre application stage. Not only is there a need to establish work streams, governance measures and resources to deal with the project.
- 2.3 There are essentially four major work streams for the local authorities:-
- Considering the applicant's statement of community consultation
  - Commenting on the quality of the applicants consultation process
  - Producing a technical Local Impact Report
  - Making their own representations on applications

For each local authority area the level of work to undertake these tasks would equate to a top level major project involving Environmental Impact Assessment followed by a large scale public inquiry. This as Members know involves considerable time and resources. For the national grid upgrade in particular there may be numerous local impacts in one district area, and consequential effects arising from changes to power line routes in adjoining districts. For the power station cases one could expect local authority teams to be engaged full time in these for 6 – 18 months. Adding such projects to even senior experienced staff in addition to their normal duties would be impractical. National guidance being given to local authorities emphasises the need for them to be able to continue to deal with normal business in addition to handling these unusually large infrastructure cases. For this reason the use of Planning Performance Agreements to secure funding (in the absence of planning fees) to pay for additional resources to handle these cases, is advocated.

- 2.4 At this point in the report it must be emphasised that requiring the developer to provide funding through a Planning Performance Agreement should **NOT** be regarded as a means by which the developer can influence the decision by paying for the means by which it is administered. It is inevitable that some

unreasonable parties might seek to make mischief by suggesting that this funding impacts on the local authorities impartiality, but this will not be the case. Local communities are entitled to have their interests represented as part of the Infrastructure Planning Commission process, and for those interests to be presented by their elected local authority. If through lack of resources Councils are disadvantaged from engaging then the democratic process would be argued to have been excluded. By being required to make the necessary resources available to Councils to fully engage, the developers are simply doing the same as paying a planning fee. They are contributing to the costs incurred by Councils to determine major projects and nothing else.

- 2.5 Initial negotiations are commencing with National Grid PLC about entering into a Planning Performance Agreement. It is proposed that the County and District local authorities in Lancashire and Cumbria act as a single consortium in their dealings with the National Grid. To spread the burden of managing these major projects it is suggested that the national grid upgrade be handled by the two County Councils with Local Impact Reports detailed to district level to ease the making of individual council's representations. For the power station cases smaller groupings comprising Copeland and Cumbria County and Lancaster and Lancashire County Councils are more likely.
- 2.6 In operational terms the officers in the consortium are currently considering the setting up of a single project team based in an accessible location near Kendal to handle the local authorities involvement. Specialist support services might be provided by individual councils in the consortium whilst a formal governance structure where Members will oversee the operation and reporting patterns of the project team needs to be devised. The work of the team is expected to be funded by the Planning Performance Agreement with the only working costs to the local authorities being the preparation of individual representations by senior officers after considering the core reports of the project team on the consultation exercise and Local Impacts. If this process works well for the national grid upgrade, there is no reason why the consortium should not consider using it for the nuclear new build schemes if they come forward.
- 2.7 This method of working could, in addition to dealing with the complexities of the applications have other potential benefits. The impacts of these significant investments in infrastructure go far beyond individual district or county boundaries. Much closer working ties between the Lancashire and Cumbrian authorities are needed to consider them properly and to act effectively to maximise any benefits for our communities. The creation of a joined up understanding of spatial interdependence between the communities to the north of the dominant urban conurbations in the region can only help assert the need for equal attention to be given to our economic and infrastructure needs, and to ensure more equality in resource allocation between largely rural and largely urban areas.

### **3.0 Details of Consultation**

- 3.1 Informal discussions about the concept of joint working have taken place with the Government Office for the North West and at the recent specialist seminar with representatives of the regulatory sector and energy industry. The idea of Lancashire and Cumbria working as a joint consortium of local authorities has been met with consistent encouragement.

#### 4.0 Options and Options Analysis (including risk assessment)

	<b>Option 1: For the City Council to engage individually with the process for the forthcoming major infrastructure projects.</b>	<b>Option 2: For the City Council to support working as a consortium of local authorities engaging in the major infrastructure process in the manner described in the report.</b>	<b>Option 3: For the City Council to decline to engage with the projects.</b>
Advantages	Engaging in a consortium will be a complex task involving a new governance arrangement and senior officer time. To engage in the process alone might be simpler administratively.	This would enable the City Council to share skills and resources with other local authorities to manage the process. It can use its expertise to concentrate on local and strategic considerations whilst not having to micro manage the project. Negotiations undertaken by a grouping of local authorities will inevitably be stronger than as individual Councils.	In the current climate where the Council has no spare capacity to engage effectively in these projects taking no part could avoid senior officer time being consumed on the projects.
Disadvantages	The City Council could not handle cases of this magnitude with its existing staff resources. Considerable amounts of work would be outsourced and the task of coordinating inputs with communities and agencies outside the district would be large.	There will inevitable be some aspects of detail over which the local authorities might disagree.	The City Council's reputation would be harmed and the communities on both sides of the arguments would feel un-represented.
Risks	The risk of a largely parochial and uncoordinated set of responses to the	This option has less risks so long as the local authorities provide a united	Non of the potential benefits arising from the schemes would be championed for

	<p>major infrastructure projects would be high. The reputation of the local authority would be harmed if it were unable to engage strategically in the inquiry process. There would also be little opportunity to secure economic benefits for the district linked to growth of this nature because the council would not be seen as credible.</p>	<p>front. Without such a front the developers could find advantages in dividing opinion.</p>	<p>the local community by other bodies. Considerations for the Local Impact Statements could be inaccurately put forward without challenge.</p>
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## **5.0 Officer Preferred Option (and comments)**

5.1 Option 2 is the preferred option.

## **6.0 Conclusion**

6.1 If Members agree to continue to proceed to form a consortium, the Head of Regeneration and Policy will represent the City Councils interests in continuing negotiations with the developers. The requisite number of Members allocated seats in any governance arrangements will subsequently need to be chosen.

### **RELATIONSHIP TO POLICY FRAMEWORK**

Working to secure the best possible benefits from investment in the Energy Coast is a top priority for the City Council. The need to balance expected economic benefits against the obligations the Council has to protect its protected natural environments will require the highest quality of intervention in the consents process in order the appropriately represent the best interest of the local community.

### **CONCLUSION OF IMPACT ASSESSMENT**

**(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

There are significant impacts from the major infrastructure projects. These will be visual, environmental, economic and if not safeguarded and mitigated, health related. It is difficult to contemplate schemes which would have a greater level of impact.

### **LEGAL IMPLICATIONS**

The local authorities will not be the decision makers in this process. There will be a need however for legal representation and advice during negotiations for any Planning Performance Agreements, and subsequent appearances at Public Inquiries.

## **FINANCIAL IMPLICATIONS**

Whilst there are no specific financial implications arising at this stage, the extent to which they may arise in future will be determined by the Council's ability to work with its partners to secure the right level of funding for any involvement in the process. If the developers do not agree to cover the Council's additional expenditure, which is likely to be needed in order to engage fully in this process, there could be considerable costs to bear if the Council wishes to be involved. These costs will not just relate to officer time and potential specialist consultants costs but also to the costs incurred in presenting a case at the public inquiry, and legal fees, etc.

On the basis that Lancaster will need to engage in the process in order for major infrastructure schemes such as the 'Nuclear New Build' and 'National Grid Upgrade' to be in a position to go ahead, option 2 offers the council the better opportunity to avoid duplication, raise strategic knowledge and understanding and to bear the least negative impact on the council's current and future resources.

As stated within the 'Charter for Planning Performance Agreements' report elsewhere on this agenda, there will be a requirement to report back to Cabinet the details of any significant contractual and financial obligations spanning more than one financial year, prior to the council entering into any contracts with either the proposed 'consortium' or developers for any specific scheme. It is anticipated that only one authority will act as accountable body and this is only likely to be Lancaster City Council if a nuclear new-build project takes place at Heysham.

## **OTHER RESOURCE IMPLICATIONS**

### **Human Resources:**

Senior Officer time will need to be dedicated to advising any joint team on processing the local authorities' responses to the process, and writing a report for each individual council's representations. The Governance process will have to decide whether one local authority will act as host for any temporary project staff or staff seconded from partner local authorities.

### **Information Services:**

The host authority would have to make arrangements for IS support.

### **Property:**

The host authority would need to provide suitable premises for the project team.

### **Open Spaces:**

Open space issues, such as land made available for environmental mitigation, will be a material consideration in the schemes. The National Grid enlargement would inevitably have visual impacts on large tracts of the landscape in the sub region.

## **SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has been consulted and has no further comments to add.

## **MONITORING OFFICER'S COMMENTS**

On the basis that any Member involvement in the proposed process will be to undertake executive functions, the Monitoring Officer has no further comments. However, in the event that the role of members was to be regulatory, the Monitoring Officer would advise that

member involvement would be a matter for the Planning and Highways Regulatory Committee.

**BACKGROUND PAPERS**

Local Impact Reports : Advice note by the Infrastructure Planning Commission

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