

LDF PMB and MAG Combined Group

Core Strategy Workshop 11 – January 18th 2012 Report on Infrastructure Planning in South Somerset (the IDP)

Report by Jean Marshall – Spatial Policy Team Leader

Purpose

To inform Members of the emerging Infrastructure Delivery Plan (IDP) database and associated report on Infrastructure Planning in South Somerset and its implications for the Core Strategy policies and growth proposals.

Recommendation

That the Project Management Board

1. note the contents and findings of Baker/Tym Consultant's "Report of Infrastructure Planning in South Somerset, attached at Appendix A and associated database and endorse its publication alongside the Core Strategy Proposed Submission document.
2. note the relationship with the Core Strategy planning policies and that there are no policies or development proposals that would need to be significantly altered as a result of the infrastructure plan
3. recommend that priority be given to fund critical infrastructure in Yeovil and Chard as the main and sole locations where critical infrastructure cannot be funded at present.
4. recommend that the findings of the IDP be used as evidence for the proposed move towards a CIL charging schedule and infrastructure priorities list
5. recommend to District Executive that a proper process be put in place and an identified resource within SSDC to continue updating the IDP as a live database of infrastructure requirements and that this be potentially expanded to cover other infrastructure post adoption of the Core Strategy.
6. recommend that the Council actively pursue additional funding for infrastructure from all potential sources
7. recommend to District Executive that the Project Management Board together with the 4 Area Chairs and 4 co-opted Members (1 from each Area) be tasked to establish the appropriate funding priorities, in particular beyond the critical infrastructure priorities in order to establish how priorities should be set and what priorities should be chosen in relation to necessary and desirable infrastructure and the spatial distribution of funds and that this body report back to District Executive and full Council prior to adoption of the Core Strategy and Charging Schedule
8. recommend that a mechanism be set up within the Council to oversee the collection of monies received for infrastructure from CIL and other sources to support the infrastructure identified in the IDP. This mechanism to be considered by the Group proposed in 7 above (including CIL) and for enforcing non payment in according with the CIL Regulations 2010 (and any subsequent amendments).

Background

Role of the IDP database - what is it and how is it to be used

The IDP database is the bringing together of infrastructure requirements identified by different stakeholders and providers as being needed to support the growth proposed in the Core Strategy to 2028, together with any phasing of infrastructure and costs and known funding sources. It forms part of the evidence base to the Core Strategy, and will be used to inform the proposed levels of growth that can be delivered. In order to be robust the Core Strategy, and in particular the growth proposed therein, must be capable of being deliverable in the timescales or phases indicated. The Infrastructure Plan is a main tool in demonstrating deliverability of the strategy's proposals.

In addition to setting out infrastructure requirements, the IDP functions as a focus for long term decision making over financial spending on infrastructure and its coordination and as such needs to be made available as a resource for all infrastructure providers and needs to be a "living " resource to that end. Infrastructure provision will change over time, both in terms of what is required and what can be provided and funded by the different stakeholders and the document can also act as a tool for seeking out new funding for infrastructure by all providers.

The IDP is required to be published alongside the Core Strategy proposed Submission document to assist in consultation on that document.

Report

Scope of infrastructure considered

Government guidance on infrastructure planning does not specify the precise types of infrastructure, which can or should be considered in an IDP and as a living document it can be extended to cover infrastructure of all types. As part of the supporting evidence for the Core Strategy the initial IDP has focussed on the Physical, Social and Green infrastructure which will be required to deliver the Core Strategy objectives and which will be expected by the Inspector for the Core Strategy Examination in order to demonstrate that the Core Strategy is sound. The infrastructure projects identified will need to be further refined to the infrastructure which is critical to enable development to proceed at all, what is necessary at some point to support new development but not at the outset and what is desirable to ensure sustainable development. A priority list for infrastructure which may need to be provided, in whole or in part, through Community Infrastructure Levy (CIL) or other funding streams, will also need to be established as part of any CIL the Council may adopt in the future and the IDP will form the starting point for this. A separate report on CIL forms part of the agenda.

The infrastructure types, which have been considered at this stage are set out in Table 2.1, page 3 of the report (Appendix A) and generally reflects those types of strategic infrastructure which is currently sought through planning obligations together with infrastructure provided for by other statutory bodies needed for significant growth within the plan period, such as emergency services. The IDP has been collated as a result of a questionnaire and interviews carried out by the consultants and SSDC with infrastructure providers based on the levels of growth set out in the Draft Core Strategy 2010 although growth levels emerging from consultation and representations to date has been factored in as well as existing commitments for infrastructure within S106 agreements and other funding streams.

The IDP report summarises the findings of a more detailed database, which sets out the details of each individual infrastructure item in terms of potential funding, timing of

delivery and delivery mechanism. Costs of provision of infrastructure have also been provided where known but some infrastructure costs cannot be determined at this stage given that these are requirements throughout the plan period to 2028. In addition, the database has identified, where possible, those infrastructure elements which are expected to be provided for as part of new development proposals and which the developer will be expected to continue to pay for through S106 agreements. Other infrastructure provision of a strategic nature, not associated with an "on-site" development proposal, will need to be funded by other means and changes in the use of S106 planning obligations brought in by legislation on the Community Infrastructure Levy in April 2010 means that the pooling of contributions is now restricted to a maximum of 5 contributions for specific infrastructure and from April 2014 there will be significant restrictions on the use of S106 for such strategic infrastructure.

Changes in funding for other service providers are also occurring, particularly transport and health and it is therefore important that the IDP is seen as a "living database" and source of information. Maintaining the database will also be a valuable tool for bidding for funding from other sources. It is therefore recommended that a proper mechanism for ongoing update of the database be put in place and a resource identified to do this work. The existing S106 Monitoring Officer would seem the obvious resource as the reduction in S106 contributions will free up time to monitor this growing area of work on infrastructure delivery, infrastructure requirements and the funding requirements to deliver them.

Implications for Core Strategy of the IDP information

The IDP as well as indicating the types and locations of infrastructure needed to support the Core Strategy growth proposals, the Consultant's report, in section 7, considers the phasing and timing of delivery in relation to Yeovil, the Market Towns and Rural Centres. In terms of the Yeovil urban extension, the consultants have set out infrastructure requirements indicated as required to support a southern and northern option, where these are site specific, although other infrastructure provision, such as community halls, sports provision, health and major highway schemes within the town such as Fiveways, Hospital and police station roundabouts would be required irrespective of location.

From the report, it is evident that there are no overriding infrastructure issues associated with any of the proposed scale or locations of growth although there are differing cost implications particularly associated with infrastructure for Yeovil's urban extension and the strategic allocation for Chard. The IDP database does give an indication of the phasing of delivery needed and this should be used to prioritise infrastructure projects in association with CIL or other funding. A brief overview of each settlement is set out below:-

Yeovil

Yeovil's infrastructure requirements fall into two areas, that associated with growth of Yeovil within the urban area and that associated with the planned urban extension. To inform the appropriate direction of growth for an urban extension for Yeovil in terms of infrastructure costs, infrastructure considerations have been looked at for both an urban extension to the south as the preferred option and to the north-west. Infrastructure requirements and cost, where known, have therefore been included within the schedule of infrastructure for both sites even though only one would subsequently come forward. Clearly some of the infrastructure requirements would

be common for any location of growth, such as schools, health centre, strategic sport and town centre highway improvements but there are some site specific works, mainly highways and utilities which do show a variation in cost. However, whilst there are some considerable infrastructure needs associated with Yeovil's growth there are none which would require any reconsideration of the location or phasing of the growth.

The cost of the infrastructure required for the urban extension is significant and it is clear that site viability, wherever the urban extension is to be located, will be an issue and significant external funding resources for infrastructure will be required. From the CIL report, it can be seen that there is a recommended variation in the CIL rate to be applied to the urban extension at Yeovil (and Chard) as the result of need to ensure deliverability. Some of the infrastructure is critical in order to deliver the growth and timing will be key.

From the findings of the IDP, the preferred location of the Yeovil urban extension to the south will cost less from an infrastructure perspective and it can be seen that it is the physical infrastructure costs which make the difference (roads, utility services, public transport etc). This adds to and confirms the findings of the Sustainability Appraisal carried out as part of the draft Core Strategy that the location of an urban extension to the south is the preferred location.

Chard

Considerable detail on the infrastructure needs of Chard are known through the work on the Chard Regeneration Framework carried out initially by LDF Consultants with more recent updates by Thomas Lister Consultants. These have been factored into the database of infrastructure needed for the Chard Eastern Development Area (CEDA) and it is clear that the critical infrastructure required is both substantial and costly. As a result the works at Chard, like Yeovil, would need to be prioritised for any funding if the growth is to be achieved in accordance with the trajectory. There is a decision to be made in relation to any CIL charge for Chard and whether the development can make any contributions to a CIL and still deliver affordable housing but it is clear that the cost implication of the physical infrastructure is substantial and that CEDA will only be deliverable if compromises are made or the infrastructure is funded by external bodies and not the landowners/developers in the initial stages of development. The infrastructure costs therefore, are most likely to require some form of initial public funding and furthermore it is likely that the developers would not be able to deliver 35% affordable housing and a full CIL in addition to funding the infrastructure and alternative solutions or compromises will be necessary. There is a recommendation in the CIL report that addresses this point. In view of the benefits of the Chard Eastern Development Area (CEDA) to the overall growth proposed within the District it would be necessary to prioritise any funding for infrastructure to this area in order to ensure its timely delivery in accordance with the anticipated housing trajectory.

Other Market Towns

Ilminster and Castle Cary are the only other market towns which have any identified critical infrastructure for delivering growth. In both cases the critical infrastructure identified are for transport (road) projects have had some initial viability testing carried out and it is expected that the developers would be able to fund this infrastructure as part of onsite S106 agreements for any new development.

The IDP identifies that infrastructure will be required alongside growth in all the market towns and this will need funding. It is anticipated that this will either be funded through onsite development costs or will need to be provided as part of the growth proposals as “necessary” but not “critical” infrastructure to deliver of growth. Such projects will need to be identified as part of an infrastructure plan for funding priorities but none of the infrastructure identified would prevent the growth proposed coming forward nor have any timing effects. Furthermore the IDP identifies in the case of all the towns bar Ilminster and Castle Cary that the identified infrastructure is non site specific and would be required wherever the Market Town’s growth was shown. In the case of both Ilminster and Castle Cary whilst the road infrastructure is site specific the viability analysis has indicated that these two sites remain viable and so the additional cost associated with the proposed directions of growth for the two towns are not material in deciding where to recommend growth

The preferred options for each of the Market Towns as shown in the Draft Core Strategy therefore do not require changing as a consequence of the information coming from the IDP. The direction of growth now recommended for Langport/Huish to the north, east and south-east as previously considered by PMB also remains unchanged in relation to the information within the IDP.

Rural Centres and Rural settlements (Rest of the District)

Martock is the only other settlement that has any identified critical infrastructure. This is identified as fluvial flood alleviation, which would be funded by the Environment Agency. Infrastructure requirements for the Rural Centres is non site specific and as no directions of growth are identified for these settlements there are no obvious implications as to where development can go and the levels of growth indicated for these settlements can be met in infrastructure terms. The infrastructure projects identified in other settlements, known collectively as the rural area, are those projects already identified in various capital programmes of infrastructure providers and identified deficiencies in leisure and open space.

Prioritisation of Infrastructure

As previously indicated the infrastructure within the database has been broken down into critical, necessary and desirable. The critical funding costs are identified in table 8.2 in the report appendix A on p41 and explained in more specific detail on a town basis where relevant in section 7 of the report.

Whilst infrastructure identified as critical is self explanatory, no development can take place without this infrastructure, there is a need to review the infrastructure defined as necessary and desirable and to set priorities for delivery of this across the District when funds are available.

In the first 5 years of the plan, the priority will need to be for infrastructure identified as critical and this is mainly physical infrastructure such as access roads, utilities and flood alleviation. From the database it is clear that the Council will need to prioritise these critical infrastructure schemes in Yeovil and Chard as others at Ilminster, Castle Cary and Martock can all be funded by the development itself or benefit from external funding. These two locations contribute the major growth areas for the District to 2028 and prioritising infrastructure provision in these areas will enable the overall growth provision for the Plan period to be met, and the settlement hierarchy growth proposals and anticipated housing trajectory to be implemented. The growth of Yeovil will help maintain its economic pre eminence whilst growth at Chard will serve to realise the Chard Regeneration Strategy. The costs of the infrastructure are

not considered to be huge in totality and the benefits of developing at Chard and Yeovil are far greater than the costs involved, it therefore makes sense to prioritise these for infrastructure provision.

However, this only addresses the identified critical infrastructure. Beyond funding of the critical infrastructure a balance will be needed to ensure growth takes place in a sustainable form to create places people want to live such as open space and leisure against facilities needed for supporting growth such as health, education and public transport. Such infrastructure currently is identified as necessary and desirable but a judgement will need to be taken on the priorities for each of these and funding sources identified to provide these.

The detailed nature of the prioritisation work points to some form of sub group with representative Member involvement. The work will take some time to conclude. Accordingly and in recognition with the synergy to the work done to date on the Core Strategy it is suggested that the Project Management Board be empowered to take this work forward. It may be considered appropriate to add to the membership of the Board for this work by also seeking active Area Chair involvement and the wider membership involvement might be reflected by 1 additional member representation from each area. The Sub Group would be expected to report to District Executive and through it to Full Council. It would be important to set a time limit to deliberations to ensure some form of imperative and it would be considered appropriate to conclude prior to the adoption of the Core Strategy and Charging Schedule and so in time to assist implementation of the Core Strategy proposals and prior to the formal introduction of CIL within South Somerset.

The Group would also be able to oversee the mechanism by which funds were to be collected and administered and the resource required by the Council to do this. The CIL regulations allow a 3% levy from the funds collected to assist in their collection and a now unlimited amount to go towards the administrative cost. It is felt appropriate for the Sub Group to obtain information on the actual costs of collection and administration and set the appropriate percentage charge in order to cover costs.

Funding

Funding for the infrastructure identified falls under various sources including grants and other public funding and funding by the developer as part of growth or through existing S106 obligations. Where known the funds already identified have been included but it is clear that funding will be a major issue. For the Core Strategy to be found robust, it is necessary for the council to be able to demonstrate how the first 5 years of infrastructure is to be funded and in particular, this relates to critical infrastructure.

The Infrastructure Planning in South Somerset report sets out both the funding shortfall as at January 2012 and indicates some potential sources of funding. The Consultants have drawn 5 key implications for funding from their overview of funds available:

- more limited mainstream funding from central government
- uncertainty over availability and extent of capital and revenue support for delivery in growth areas
- under localism there is onus upon the Council to use locally derived resources
- forward funding for some key infrastructure will be required and upfront borrowing may be required

- Council will need to work in cooperation with other agencies to bid for funds

New Homes Bonus (NHB) and CIL have both been cited as ways in which infrastructure can be funded but NHB is not ring fenced for this purpose and CIL will only be payable on schemes which come forward after the Council have adopted a CIL Charging schedule and there will therefore be a time delay in getting any receipts towards infrastructure from these sources. The report also identified other possible sources of funding and clearly it will be in the Council's interest to maximise infrastructure provision in the District and to extend the purchasing power of the CIL funds received should these be proactively and successfully pursued. The Council will also need to work in greater cooperation with other infrastructure providers to ensure timely delivery of services

From the IDP database evidence critical infrastructure in both Chard and Yeovil will need to be targeted as a priority as funds are unlikely to be available from other sources at the current time. If the Council prioritise these areas for infrastructure funding, it is likely that new growth will then deliver CIL from development here which can then be used to fund infrastructure in other locations.

Some forms of infrastructure can also draw on its own funding sources, such as health, flood mitigation and education although funding streams for these providers cannot be guaranteed long term.

In terms of development in the first 5 years of the Core Strategy it is clear from the IDP database that most of this funding, certainly on critical infrastructure, has been secured from section 106 agreements, is part of public utilities mainstream investment or is a reasonable call on the developer. By addressing the specific issues in Yeovil and Chard the Council should be able to present a robust position of funding critical infrastructure to the Inspector at the Core Strategy Examination.

Receipts from S106 planning obligations, already identified towards several infrastructure projects, will become restricted with the changes in Community Infrastructure Levy made in April 2010 and monies from this source will be further restricted in April 2014. Realistically the Council will need to adopt a CIL approach for funding strategic infrastructure although site-specific infrastructure can still be considered through S106. The report on CIL also on this agenda, makes clear recommendations that this route should be pursued as a matter of urgency.