

Appendices:
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NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	Response of Cabinet to the recommendations of the Overview and Scrutiny Committee - Infrastructure Requirements and Section 106 Agreements and CIL
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	15 January 2014
Key Decision:	No
Within Policy:	Yes
Policy Document:	No
Directorate:	Regeneration, Enterprise & Planning
Accountable Cabinet Member:	Cllr Tim Hadland
Ward(s)	All

1. Purpose

- 1.1 A report was submitted to Cabinet for consideration on 17 July 2013 by Overview and Scrutiny Committee regarding infrastructure requirements and S106 agreements, following an Overview and Scrutiny Review.
- 1.2 Following those recommendations, Cabinet resolved to note the report and a response be given at a future Cabinet meeting. This report responds to the comments and recommendations made by the Overview and Scrutiny Committee.

2. Recommendations

- 2.1 Cabinet resolves that it is satisfied that:
- 2.2 The Infrastructure Delivery Plan (IDP) is maintained and updated by the West Northamptonshire Joint Planning Unit (JPU) to ensure it reflects current evidence of the strategic infrastructure requirements necessary to implement the Joint Core Strategy.

- 2.3 Additional sources of funding are investigated to meet the funding gap identified in the West Northamptonshire Joint Core Strategy (JCS) Infrastructure Delivery Plan.
- 2.4 The JCS includes policy guidance to ensure the timely delivery of the North West Bypass. Additional funding sources are also being investigated.
- 2.5 Joint working across the partnership seeks to ensure priority is given to assisting future strategic infrastructure provision through CIL.
- 2.6 The Memorandum of Understanding (MoU), which provides for developer obligations where development impacts on the strategic road network in Northampton between partner authorities, and the emerging CIL Regulation 123 Infrastructure List ensure that Section 106 agreements and CIL contribute to highway improvements as stated.
- 2.7 CIL is not expected to have a significant adverse impact on the provision of affordable housing. In preparing a CIL, policy requirements and the future provision of affordable housing has been taken into account.
- 2.8 The introduction of CIL will have corporate implications which are being considered. These corporate implications will be addressed when Cabinet considers the introduction of CIL in due course.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The report provides a further response to the recommendations made in a report presented to Cabinet for consideration on 17 July 2013 by Overview and Scrutiny Committee regarding infrastructure requirements and S106 agreements, following an Overview and Scrutiny Review. The report outlined the findings of the review and made a number of comments and recommendations to Cabinet for its consideration as follows:
 - “The Scrutiny Panel formally informs Cabinet that it is satisfied that the infrastructure requirements are identified in the West Northamptonshire Joint Core Strategy Infrastructure Delivery Plan up to 2026.”
 - “Infrastructure cannot be totally funded through Section 106 Agreements or Community Infrastructure Levy (CIL). Cabinet investigates other funding sources to meet the funding gap of £439.6 million.”
 - “It is ensured that the North West Bypass is fully funded and built when required, to serve new development and that appropriate arrangements are agreed with South Northamptonshire Council (SNC) and Daventry District Council (DDC) to ensure funding CIL infrastructure is given priority across the partnership.”
 - “Section 106 Agreements and CIL contribute to improvements to the Strategic Highways Network via the A45/M1 Growth Management Strategy.”

- “Cabinet satisfies itself that the introduction of CIL will not have an adverse impact on the provision of affordable housing; whilst recognising that existing s106 policy allows for flexibility in accordance with Government Policy.”
- “Cabinet recognises that the introduction of CIL will have corporate implications and these must be identified and addressed.”

3.2 Issues

- 3.2.1 The National Planning Policy Framework allows Section 106 planning obligations and planning conditions to be used to make development acceptable where it would otherwise be unacceptable. S106 agreements should only be sought where they are necessary to make the development acceptable in planning terms, directly related to the development and fairly and reasonably related in scale and kind to the development.
- 3.2.2 The Council is investigating the introduction of a Community Infrastructure Levy (CIL) to enable new development to contribute to the delivery of strategic infrastructure within West Northamptonshire. The CIL rate is informed by development viability, and must have a demonstrable funding gap to be implemented. It is a standard charge on all qualifying development and does not have to meet the requirements of section 106 of The Act.
- 3.2.3 The Borough Council has an adopted Planning Obligations Supplementary Planning Document (SPD), which sets out how developer contributions will be sought. In addition, the Joint Core Strategy includes policy requirements for new infrastructure, with specific requirements set out in policy for each SUE. The SPD will require revision to reflect the future implementation of a CIL. Developer contributions play an important role in funding the infrastructure requirement arising from new development.

Infrastructure Delivery Plan (IDP)

- 3.2.4 The West Northamptonshire JCS (Submission Plan) identifies the strategic infrastructure requirements arising to meet the need of new development. In addition policies N3 – N9 inform development of the Sustainable Urban Extensions (SUE) and identify the specific infrastructure requirements necessary to meet the needs of those sites.
- 3.2.5 Policy INF1 sets out the JCS’s approach to delivering new infrastructure and the role which developer contributions play in addressing the impact of new development.
- 3.2.6 The IDP identifies the physical, social and green infrastructure needed to support the implementation of the West Northamptonshire JCS and its’ vision for the future. The IDP includes information on infrastructure needs and costs, phasing of development, funding sources and responsibilities for delivery.

3.2.7 The IDP is kept under review and is updated through ongoing engagement with key stakeholders. An IDP update is published annually. The most recent update was published in December 2013.

3.2.8 Through this ongoing work, Cabinet can be assured that the IDP continues to reflect the infrastructure requirements set out by the JCS.

Additional funding sources

3.2.9 CIL and s106 agreements cannot wholly fund the infrastructure requirements of West Northamptonshire. It is therefore necessary to explore additional sources of funding to support the delivery of key infrastructure projects.

3.2.10 Partners will be required to ensure that every opportunity is taken to promote projects identified in the IDP. This has resulted in the inclusion of projects supported by the Northamptonshire Transportation Plan (NTP) (published March 2012) and its daughter documents, for example, the Sandy Lane Relief Road and the North West Bypass which are identified as 'Key Infrastructure' projects.

3.2.11 The Northamptonshire Local Transport Body (NLTB) is a voluntary partnership of Northamptonshire Enterprise Partnership (NEP) and Northamptonshire County Council (NCC) formed to administer Local Major Transport Scheme Funding (to be devolved by the Department for Transport from April 2015). NEP and NCC submitted the proposed assurance framework for NLTB to the Department for Transport in February 2013. Northamptonshire County Council has obtained pinch point funding for Round Spinney.

3.2.12 The JPU and partners continue to work actively with SEMLEP and NEP to inform their infrastructure plans. This will enable the prioritisation of infrastructure funding available to the Enterprise Partnerships. In addition, the Borough Council's Regeneration Team prepare funding bids, and seek investment from key stakeholders including the private sector.

North West Bypass

3.2.13 The JCS identifies the North West Bypass as a key primary infrastructure project serving the SUEs of North of Whitehills, King's Heath and Northampton West, requiring developer contributions through specific policies incorporated in the document. The JCS also notes the wider benefits of the NW Bypass in terms of investment around the Northampton area.

3.2.14 The Borough Council's Regeneration Team have submitted proposals to Northampton Growth Deal seeking funding to deliver phase 1 of the NW Bypass (A428 to Grange Farm), thereby enabling new development to come forward at Kings Heath SUE including 3,000 dwellings and 10 ha of employment space, community facilities and two primary schools.

A45/M1 Northampton Growth Management Scheme

3.2.15 The Northampton Growth Management Scheme (NGMS) has been developed by the Highways Agency with the support of local planning authority partners in West Northamptonshire. The aim of the NGMS is to manage the impacts of increased vehicular traffic impacting on the strategic road network around

Northampton (i.e. the A45 corridor between Junction 15 of the M1 and Great Billing interchange).

3.2.16 Partner authorities have signed a Memorandum of Understanding as a statement of shared commitment on the delivery of the NGMS. The MoU provides for the funding of the NGMS measures through developer contributions secured via S106 agreements. A financial obligation is sought from specific development sites proportionate to the impact the proposal would have upon the A45/M1 network. This avoids the need for the Highways Agency to invoke a holding objection or direct the imposition of less flexible 'Grampian' conditions which may hinder the delivery of development.

3.2.17 Through consultation with the Highways Agency, it is expected that in the future the specific projects which contribute to the NGMS will be funded through CIL. It is expected that those projects will be expressed through the R123 Infrastructure List.

Affordable housing provision

3.2.18 A CIL Economic Viability Assessment has been prepared to inform the setting of a CIL rate. The Viability Assessment took into account policy requirements and costs, including affordable housing, in recommending a CIL charge.

3.2.19 CIL represents a comparatively small cost in terms of the overall value of a development and will in effect replace contributions toward, or the provision of, off-site infrastructure (currently delivered via s106), rather than simply being an additional cost. In accordance with the guidance, the Viability Assessment used a Residual Land Value Model approach, which ensures that policy requirements such as affordable housing are considered. The Borough Council's interim Affordable Housing Statement and the JCS affordable housing policy is subject to viability testing which may affect the proportion of affordable housing provided by a development.

3.2.20 The strength of the housing market will effectively inform the level of affordable housing which can be obtained through on-site provision. It should be noted that a policy target is aspirational, and is designed to withstand the longevity of the plan period through a range of economic conditions. The Government does however expect CIL to have a positive economic effect on development through providing additional infrastructure.

Corporate implications of the introduction of CIL

3.2.21 The implementation, collection and spending of CIL is a corporate process with direct implications for service provision.

3.2.22 In Spring/ Summer 2013, Planning Policy was tasked with investigating CIL collection procedures. A CIL Collection Working Group was established which included representatives from Planning, Revenues and Benefits and Finance. A course of action was recommended which sought to efficiently accommodate CIL collection procedures within existing Council services.

3.2.23 In summary, the Planning Administration team are responsible for administrative stages throughout the planning application stage. On commencement of new development, the Revenues and Benefits team will

collect and enforce the payment of CIL. The Finance team will provide accounting and will ensure CIL projects are reflected in the Capital Programme.

3.2.24 When the Finance, Legal and Revenue and Benefits services transferred to LGSS, the collection of CIL was anticipated and included within the Service Level Agreement between the Borough Council and LGSS.

3.2.25 Assisted by LGSS Business Support, Planning is currently reviewing its service process and procedures. The Planning stages of the CIL collection process are included in this review.

3.3 Choices (Options)

3.3.1 The report provides specific responses to recommendations made by the report to Cabinet dated 17 July 2013. There are no choices or options to be considered by Cabinet at this time, due to the informative nature of the report.

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no direct policy implications arising from the report.

4.2 Resources and Risk

4.2.1 There are no direct resource or risk implications arising from the report for the Council. However, as noted throughout the report the Council will need to work with partners to bridge the affordability gap between receipts available from S106 / CIL and the infrastructure needs. This is anticipated to be achieved through additional funding sources.

4.3 Legal

4.3.1 It is not expected that legal issues arise from this report, due to the informative nature of the recommendations.

4.4 Equality and Health

4.4.1 It is not expected that equality issues arise from this report, due to the informative nature of the recommendations. An equality impact assessment has not been undertaken.

4.5 Consultees (Internal and External)

4.5.1 The West Northamptonshire Joint Planning Unit were consulted on the report and provided background information. The Major Projects & Enterprise Team have provided information on funding bid proposals.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 The recommendations support the delivery of 'Priority 1 – Northampton on track', through supporting development, regeneration and economic growth.

4.7 Other Implications

4.7.1 None

5. Background Papers

5.1 Infrastructure requirements and Section 106 Agreements - Report to Cabinet dated 17 July 2013.

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