

The Royal Town Planning Institute

INFRASTRUCTURE SUPPORTING HOUSING GROWTH: FURTHER SUBMISSION TO HM TREASURY

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Introduction

HM Treasury is undertaking a review of infrastructure provision for housing growth as part of CSR07.

The RTPI has already provided public evidence as part of this review¹ and has attended a stakeholder seminar at 11 Downing Street on 2 November 2007. Further to this involvement, the RTPI is providing further input around the following broad brief:

Providing recommendations for the most effective and cost efficient mechanisms for coordinating housing-related infrastructure under different scenarios over the CSR period.

Considering the need for a 'business as usual' system for infrastructure coordination at the local level that is not a 'special delivery vehicle'.

In this context, the RTPI has aimed to:

Provide an initial narrative covering the following questions:

- *How is housing-related infrastructure coordinated at the local level?*
- *How do strategic planning officers coordinate funding processes and partners to deliver infrastructure to support housing growth?*
- *What mechanisms other than s106 are currently used to coordinate infrastructure for housing at the local level?*
- *How effective is coordination at the local level?*
 - *Are there strong variances across local government?*
 - *Where and why is there coordination failure?*
 - *Where are the biggest pressures?*
- *Is Central Government (including GOs) picking up on failures before they happen?*

Provide recommendations to cover the following issues:

- *What should Government do to support the mechanisms to coordinate infrastructure at the local level?*
- *What new tools does the coordinator need to hold to facilitate timely outcomes?*

The RTPI remains happy to discuss and develop the ideas set out here further.

Current Context

In keeping with the brief, the discussion below is crafted with reference to housing development in locations that do not have special delivery vehicles in place, seeking to identify and develop a 'business as usual' approach to practice.

The responses necessarily seek to generalise across a very broad and diverse range of practice approaches. There are a complex array of organisations with some role in coordinating and or providing infrastructure at the local level.

¹ See: <http://www.rtpi.org.uk/download/202/pol20060839.pdf>

The primary mechanisms for spatial planning and coordination of infrastructure are the statutory development plan (the relevant Regional Spatial Strategies and Local Development Frameworks in England), together with the Local Transport Plans and various non-spatial capital programmes developed for public infrastructure such as NHS Hospital Trust (HT), Primary Care Trust (PCT), Local Education Authority (LEA), police and fire authorities capital programmes. There are various national bodies such as the Housing Corporation, English Partnerships, Sports England, Network Rail and various Government departments and regulators with infrastructure responsibilities, including for example DEFRA, DTI, Ofwat and Ofgem². There are implementation or mission-based entities such as housing associations, universities and further education institutions. There are also a plethora of private network and service providers with their own capital programmes which generally respond not to longer-term development plans but to short-term specific proposals and to planning applications from developers.

While the Regional Spatial Strategies, Local Development Frameworks and Local Transport Plans are all linked through statutory processes the funding criteria and processes are not necessarily closely related. For example, some areas in the North and Midlands losing population and requiring infrastructure to support regeneration are disadvantaged by infrastructure funding formulae that focuses narrowly on short-term projections of population growth.

Public sector health and education programmes have not in the past been well related to the statutory planning process. Although there is sometimes liaison between statutory development planners dealing with population projections and service planners in both health and education, this involvement and communication tends to be cursory and there may be limited real communication to align central government investment with local spatial priorities. Departmental, geographic and sectoral interests have tended to be limited in their understanding of the need for co-ordination and delivery to inputs from those within their own systems: a silo-based approach.

The system of Local Strategic Partnerships (LSPs) between public agencies planning, targeting and delivering services and of Area Regeneration Partnerships bidding for and expending regeneration funding from DCLG and Regional Development Agencies has started to change this silo approach, but performance is patchy across the country. In some areas there is considerable communication and an active interface between LSPs or regeneration partnerships and local authority planners. In many other areas there is little progress. Some of the best work has been done in the regeneration areas of the North, the Midlands and London.

² Some insight into the complexity of relationships in respect of any one of these stakeholders can be derived from the Ofwat website which describes its duties as follows.

http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/Content/protecting_interests280905

We make our decisions independently of the Government, but we work closely with:

- *the Secretary of State for Environment, Food and Rural Affairs and the Welsh Assembly Government;*
- *the Consumer Council for Water (CCWater), which is an independent organisation that represents customers' interests and deals with your complaints;*
- *the Drinking Water Inspectorate, which sets standards for the quality of drinking water;*
- *the Environment Agency, which regulates and enforces water abstraction consents and quality standards in inland, estuarial and coastal waters; and*
- *Natural England and the Countryside Council for Wales, on environmental issues...*

But making no mention at all of either local government or water companies.

HM TREASURY: CSR07: INFRASTRUCTURE FOR HOUSING GROWTH

RESPONSE TO FURTHER QUESTIONS

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Arguably, capacity, knowledge and experience tends to be less well developed in the Home Counties, where much of the new growth around London is to be concentrated.

All of these bodies and partnerships have a variety of powers to produce plans, fund activities and specify service delivery standards and approaches. Some are spatial in outlook and some are not. None have the ability to coordinate more than an element of necessary infrastructure need identification or provision, but most have the ability to inhibit a comprehensive approach in some circumstances, if only in response to the pressures, costs and difficulties induced by complex multi-agency working. No one entity currently has the responsibility to make the whole system work.³

How is housing-related infrastructure coordinated and delivered at the local level?

In simple terms, physical on site infrastructure is most often delivered or facilitated by the developer and is then adopted and maintained by the relevant local authority or service provider.

Coordination of this diverse range of needs identification, provision and funding takes place through the local planning authority. It is fair to observe that there is a wide range of practice approaches to coordination in local government.

In terms of the strategic planning function of local government, the changes under the 2004 legislation included a test of soundness for development plan documents (set out in PPS12)⁴, which amongst other functions requires local planning authorities to assure the resources for social and economic facilities for new and existing development. This places the strategic coordination function into the development plan (local development framework) system, although a broad range of emerging approaches are also enhance links between strategic planning and development management functions in local government to improve the link between infrastructure needs identification, policy and delivery.

The RTPI has commissioned the Bartlett School at University College London and Deloitte to carry out a research programme entitled Effective Practice in Spatial Planning (EPiSP) (Morphet et al unpublished)⁵. This work in progress has already been widely referred to within DCLG. Copies of draft outputs are enclosed with this paper and will be replaced by approved published versions as soon as these are available. This work suggests that emerging best practice is delivery through a Local Infrastructure Group (LIG) utilising a wide variety of provision and funding including planning conditions, section 106, planning tariffs, s278 for highways, Primary Care Trust (PCT) capital programmes and lottery funding amongst others⁶.

³ Comments of Mr Glyn Roberts and Mr Jon Morris.

⁴ PPS12 Paragraph 4.24 advises:

Where the development plan document relates to housing, local planning authorities should produce housing trajectories which will demonstrate how the plan will deliver the policies relating to housing provision. This will be important in clarifying the delivery mechanisms of the development plan document which will be part of the test of whether it is sound.

⁵For a project description see <http://www.rtpi.org.uk/item/281/23/5/3> .

⁶ Preliminary results from EPiSP, Morphet et al for RTPI, unpublished.

EPISP has found a great range of positive partnership working which is seen as being essential for the delivery of policy and services in the future. The study team has reported planners working with Community Strategy and Local Strategic Partnership (LSP) processes. It has also found involvement with other partners, which in the study team's view provides strong foundations for future partnership working arrangements.

The team has continued to observe that:

Once there are groups working together as part of the spatial planning process, we found that having a joint capacity study between all the public sector partners is useful for gaining resources and managing the future. Such an approach enabled synergistic discussion of provision and alternative requirements in a positive way and improved the level of understanding between partners. This also improved trust between partners that can be a significant ingredient when infrastructure provision is being provided through planning gain, for example.

These joint discussions across the public and voluntary sector have also led to new ways of providing and locating services. We found that the creation of public sector community hubs have emerged as a positive approach which can now be achieved through this integrated approach to infrastructure planning. These community hubs can be provided through schools or health facilities and can be associated with other forms of local service provision including parks, youth centres, libraries, retail and day centres. In the future, with a greater joined up approach in the public sector these hubs can be extended to include central government services such as Connexions, Job Centre Plus, Police and Further Education as these are all drawn into the Local Area Agreement [LAA] process. This public sector service provision is becoming more joined up for the public whilst the assets in the public sector could be utilised more productively. We found these approaches working effectively in both older urban areas and those that are being developed as part of growth strategies. Multi-agency work on single sites [or assembled sites] is seen to be very positive, even if the utilisation of facilities cannot be taken up immediately by other public services ...

These common public sector infrastructure discussions are increasingly being formalised into groups that are examining and reviewing their service provision in a more systematic and programmed way. We found a number of different and useful approaches that could be used for effective spatial planning practice. Where existing facilities were no longer seen to be adequate but were not able to be relocated within the urban fabric, public sector organisations are considering a network approach that would allow the complementary use of facilities over the built up area with new provision being made in a more generic way to complement what was already there allowing a network approach to service provision.

In considering the partnership relationships with specific public service partners, we found good examples of effective practice in various areas. Working with health was seen to be very effective where the PCT was able to consider its longer term capital programme for provision. We also heard from health representatives that they found the process of being asked about the future in the spatial planning delivery group enabled them to bring together their known plans more coherently, and they felt that there was growing evidence of this occurring nationally.

Where health facilities are being provided as part of s106 arrangements, the use of the GLA HUDU [Health and Urban Development Unit] guidelines and toolkit was seen to be very helpful by those who had used it both in London and elsewhere. The provision of health facilities was seen to be a major requirement in a number of areas with new population growth and success in negotiating these was being reported.⁷

Moving beyond the findings of EPiSP, the RTPI has also collaborated with DCLG to highlight best practice approaches to joint working between statutory spatial planning processes and Local Area Agreements⁸.

Other approaches to highlight include those of major projects or special projects teams that bridge the policy and development management functions within local government, or 'centres of excellence' (although in practice these may consist of maybe one or two key staff) with respect to infrastructure negotiation, section 106 agreements and like functions. Given that the development plan system also provides the mechanism whereby major housing sites are identified and allocated, there are considerable opportunities for pre-discussion of infrastructure needs and requirements with landowners, prospective developers and infrastructure providers at this stage. Sometimes these issues may be addressed in for example, a site master plan or planning brief, sometimes prepared as a supplementary planning document.

The typical means of detailed delivery at present is by way either of conditions to planning permission or of agreements under section 106 of the Town and Country Planning Act 1990. This places a strong emphasis on strategy led but responsive approaches to infrastructure delivery in development management: the consideration of individual planning applications for housing proposals. It also places a strong emphasis on the 'follow through' and close relationships between the strategic and development management functions of a local planning authority.

Ideally, there should be clear and transparent knowledge sharing about approaches and site conditions between these two functions of a planning authority. For this reason, authorities that over-formalise the divisions between these functions, for example by placing strategy and development plan functions in a separate directorate to development management functions can be limiting the opportunities for the development of effective practice. In such cases, other mechanisms such as a greater emphasis on the use of working parties or formal documents such as site briefs will be likely to be necessary to maintain an appropriately 'joined-up' planning process.

There are a number of mechanisms of infrastructure delivery.

- Direct delivery by a public authority or service provider
- Direct delivery by a developer or private agent
- Facilitated delivery

Direct delivery by a public authority, whilst historically the norm, is becoming increasingly less common, in circumstances where much delivery is either by a private provider, or by way of partnership, including mechanisms such as BOOT (build, own, operate and transfer).

⁷ Text drawn from internal EPiSP project documentation and liable to revision before approval and publication.

⁸ 'Planning Together', guidance, DCLG, forthcoming.

Direct delivery by the developer typically consists of the development of the infrastructure to adoption standards identified by the relevant authority or provider as part of the physical development process. The infrastructure is then adopted by or transferred to the authority or provider. Less commonly and arguably less desirably, infrastructure can be provided and maintained by the developer or a successor body with a capacity to levy charges to the eventual occupants of the development. This solution has historically been pursued where a developer seeks a standard of infrastructure that by way of (say) a higher than typical revenue demand for operation or maintenance, or a substandard performance, the relevant authority or provider does not wish to take liability. It can also be used in rural areas where key reticulated infrastructures may not be available.

Facilitated delivery consists of a money contribution by the developer, used by the relevant local authority or service provider to develop the infrastructure.

There is more variable practice in the provision of off-site and or social infrastructures. Most typically these are delivered in a facilitated manner, although direct delivery does also take place, most typically by way of a capital works contribution: for example, where the developer provides physical works to say a school, clinic, library or transport facility. Where there is good practice in the use of section 106 agreements, these are used, although research suggests that the yields from these against particular heads of identified infrastructure need can vary substantially from place to place⁹.

It is fair to observe that variability in the practice of section 106 negotiation affects the delivery of both on-site and off site, physical and social infrastructures. Some of the variability appears due to different spatial patterns of infrastructure demand. Some appears due to different perceptions of and approaches to infrastructure demand diagnosis between local government areas. Some appears to be due to varying levels in the experience, efficiency or indeed willingness of local planning authorities to engage in the negotiation of section 106 agreements for particular purposes. Anecdotally, there does appear to be a broadening and deepening of practice in the negotiation and application of section 106 agreements, with recent cases drawn to the attention of the RTPi suggesting a growth in the use of agreements for contributions towards (for example) health, education and community services costs and more recently towards policing costs. Historically, contributions were more often directed towards provision of direct physical infrastructures including roads, sewers, drainage and water supply.

How do planning officers coordinate funding processes and partners to deliver infrastructure to support housing growth?

What mechanisms other than s106 are currently used to coordinate infrastructure for housing at the local level?

As highlighted above, the identification of infrastructure needs and the coordination of outcomes is a product of both strategic planning and development management processes. A number of case studies emerging from the RTPi's EPiSP research programme are discussed

⁹ 'Valuing Planning Obligations in England', Crook, Hennebury et al for DCLG, 2006
http://www.communities.gov.uk/pub/144/ValuingPlanningObligationsinEnglandFinalReport_id1500144.pdf

below, as is work emerging from the London Thames Gateway Social Infrastructure Framework (SIF). Approaches to partnership working in other locations are also discussed.

One initial observation must be made, that a number of these case studies still involve special delivery vehicles. Whilst the RTPI is conscious that HM Treasury seeks 'business as usual' practice, there is a degree to which emerging practice examples will be found in locations where there are special delivery vehicles, for by definition, areas with such vehicles tend to be places in which there has been a greater focus on partnership and delivery that has typically been the case elsewhere.

This should not be taken as supporting the view that special delivery vehicles are always necessary precursors to effective infrastructure delivery for housing growth. It stands only for the view that the lessons emerging from special delivery vehicles require to be identified and disseminated amongst local government more broadly.

There is currently no national or regional system of coordinating funding processes and partners to deliver infrastructure to support housing growth. In particular – and unlike systems in many mainland European countries – there is no formal link between the statutory development plan and infrastructure budgeting, except for the indirect relationship with the Local transport Plan, which must be shown to be in conformity with the LDF.

The advent of the new Local Area Agreement structure promoted through the Local Government White Paper (to be developed into Multi-Area Agreements for Sub-regional initiatives for conurbations where local authorities and LSPs wish to cooperate across local government administrative boundaries) presents a major new opportunity for far more effective coordination. This opportunity will best be grasped if the Government indicates clearly an expectation that the coordination of infrastructure should be a key role for these partnerships and confirms this to all the primary Government departments with infrastructure responsibilities – transport, health and education and DCLG.

On the whole, such coordination as exists is restricted to the initiatives taken by individual Councils through use of their planning powers in preparing statutory Local Development Frameworks and Local Transport Plans (LTPs). Unfortunately, while LTPs can be prepared and updated fairly rapidly, the statutory process for LDFs is felt by some stakeholders still to be lengthy and demanding – an issue responded to in the Barker Report and in initial preparatory work undertaken by the Cabinet Office and DCLG in preparation for the Planning White Paper¹⁰. On this basis some authorities resort to non-statutory area development or regeneration frameworks and master-plans which do not have to be put through the same rigorous statutory processes and public inquiries and which can provide guidance to developers and infrastructure providers within a reasonable timescale, adapting more rapidly to changes in national policy and private investment.

Case Study: Tower Hamlets¹¹

Tower Hamlets Council and the PCT have been working together over a period of time to develop an effective approach to health care provision in this densely built up area. The Tower Hamlets Information System, THIS, which has been developed jointly has

¹⁰ DCLG RTPI joint conference on the Planning White Paper, 29 January 2007.

¹¹ Drawn from internal EPiSP documents and liable to change before publication.

been a means through which assessments of current and future assessment have been undertaken. This approach is in direct contrast to the piecemeal approach taken to working with health in the 1998 UDP process, where health saw planning as an impediment to getting things done. Since then Tower Hamlets has prepared a Health and Well Being Framework for the next 15 years and this has been a key component of the model to consider future requirements for the community.

The PCT has been working with the 6 other PCTS in the area as the scale of growth would have provided the case for a new District General Hospital. However the PCTS have decided to take another route for delivering services through a networked approach to delivering generic consulting facilities, at ground floor level, to allow consultants to see people close to their homes. The existing provision has been taken as the basis for this approach and then subjected to a gap analysis to understand both where new provision is required and the capacity of the existing facilities in their context to provide for this.

A variety of approaches have been used to deliver the new health capacity. Ten capital schemes have been identified and they are being funded through a variety of routes. Two are being delivered through LIFT and others through RSLs and third party developments. One is being delivered with a BSF school which is promoting health care education and qualifications as part of its curriculum. The local authority has used the Mayor's HUDU planning gain toolkit to assess the contributions required form new developments based on the capacity and demographic evidence already collected.

A main concern in the provision of this new health care has been the capital charges which the NHS requires form all their buildings as this has not been calculated in the development costs for new schemes. Revenue funding for operations the first two to three years has been included in s106 agreements if appropriate. Four of schemes have provided a facility rather than cash.

The PCT has said that this approach to spatial planning has changed the way it works. In the past their approach to health care provision was fragmented. The population was changing and rising but there was no plan to help them respond to these changes and the overall system reinforced fragmentation and there was little confidence in their ability to deliver. Under the new approach, they have been able to develop effectively and in some cases have been able to co-locate with other services.

- There has been a review of existing services and future requirements which has led to the identification of gaps in provision*
- Forward planning has allowed the benefits of co-location to be used*
- Delivery has been driven by need and not by available funds*
- Delivery has been supported by a variety of approaches within planning and through other means*
- It has helped health to deliver services more effectively*

Case Study: School Provision in Growth Areas (Ashford)¹²

Working in a two tier environment has meant that Ashford has had early engagement with Kent County Council which is their education provider at the local level. This is

¹² Drawn from internal EPiSP documents and liable to change before publication.

work is undertaken through the Ashford Community Infrastructure Group as part of a common approach across the public sector. KCC has been involved from the earliest stages and has been reviewing the requirements for provision of new primary and secondary school places as Ashford grows. In order to support the process, the County Council has decided to remove provision that is no longer required and move to identify sites where future provision can be more appropriately placed. In undertaking these reviews, the County Council has identified sites on which other public services could be delivered in due course. There is no immediate issue for KCC about the funding for schools following the pupil numbers, which has been mentioned as a barrier in other local authority areas, as their service is of a significant size. However it would be useful if the DfES could provide a mechanism to pre-fund schools in growth areas.

- Education services were involved at an early stage
- The education service has been willing to undertake some strategic planning as part of the process
- The education authority has considered the funding issues as part of its assessment
- Ashford has a significant understanding of its education requirements when undertaking negotiations with developers over the implementation of new development

Case Study: London Thames Gateway Social Infrastructure Framework (LTG – SIF)

The London Thames Gateway Social Infrastructure Planning Project has focused on means of coordinating and delivering social infrastructures to support the delivery of housing in the Thames Gateway. This major study has undertaken work in three broad areas.

- **Part 1: The Case for Social Infrastructure Planning**
This provides clear messages in relation to the importance of properly planning for and delivering social infrastructure across the London Thames Gateway. It also illustrates what can be achieved and how, reviewing key barriers and how they could be overcome;
- **Part 2: A Toolkit to Guide Decision Making at the Local Level**
This document provides more detail relating to relevant background information together with an analysis of alternative approaches to mapping and forecasting future need to aid planning for new social infrastructure across the London Thames Gateway. As part of this toolkit, an electronic Social Infrastructure Planning Model has also been created that can assist to assess the population impacts of new housing proposals across individual parts of the London Thames Gateway.
- **Part 3: Barriers & Hurdles**
This presents a review of the key issues, barriers and hurdles that are currently influencing the delivery of social infrastructure across the London Thames Gateway.

Copies of these reports are annexed to this paper.

Case Study: Cambridge Housing Development¹³

The Housing Corporation and local government in Cambridge are working together to pre-identification of private partners to deliver large volumes of affordable housing and associated infrastructure near Cambridge. The process aims to create business and public certainty around the scale and nature of housing and infrastructure need.

Other more widely documented cases that also merit study of infrastructure coordination mechanisms include:

- Milton Keynes Growth Area proposals;
- North Staffordshire Housing Market Renewal Pathfinder Area Regeneration Frameworks; and
- New East Manchester Area Regeneration Framework.

The s106 agreement is not really a coordination mechanism in terms of its foundation intent. It is a revenue-generating mechanism where the funding raised is targeted at a 'one-off' specific purpose, which may involve site-related or off-site infrastructure. In many places, there is no formal mechanism to ensure that the infrastructure related to one specific site is well-related to infrastructure generated by s106 funding raised from another development scheme nearby apart from the statutory development plan and LTP. It is therefore important that projects to be supported by tranches of funding from individual schemes are considered within the context of a wider development and infrastructure plan or strategy. That being said, valuable work towards the development of section 106 contributions policies as a means of enabling the better coordination of infrastructure funded by this mechanism has been undertaken in Milton Keynes (the tariff or 'roof tax') and Ashford. The Audit Commission has also undertaken useful work supporting the development of tariff and equivalent contributions policies¹⁴.

The RTPi supports the use of tariff policies as a clear and transparent means of ensuring that section 106 contributions are used to effectively deliver infrastructure for housing. It considers that the principal vehicle for this type of coordination should be the statutory development plan (at regional level the Regional Spatial Strategy and at local level the Local Development Framework and detailed Area Action Plans).

Where the LDF has not yet been finalised and the old statutory development plan is out of date - a situation that currently pertains across a substantial part of the country - even this mechanism cannot be relied upon. In fast-moving situations the informal non-statutory areas development or regeneration frameworks and master-plans have therefore become important mechanisms for coordination. However their coordinating leverage and provisions (and the provisions of any statutory plan that has not yet progressed to a public inquiry and adoption) are weakened due to their lack of statutory weight.

It must also be observed that current uncertainty about the threshold to be struck between infrastructure development using Planning Gain Supplement (PGS) funding¹⁵ and continuing

¹³ See <http://www.housingcorp.gov.uk/server/show/ConWebDoc.9761/changeNav/431>

¹⁴ See <http://www.audit-commission.gov.uk/Products/NATIONAL-REPORT/4BF841CC-E93C-418c-9B20-62240BA961D1/Section106Routemap.pdf>

¹⁵ See <http://www.communities.gov.uk/index.asp?id=1504924>

section 106 funding appears to be inhibiting local government and partners investment in the design and delivery of tariff policies.

How effective is coordination at the local level?

HM Treasury seeks the following inputs:

- *There are felt to be strong variances across local government, but an overview here would be useful.*
- *Where and why is there a coordination failure?*
- *Where are the biggest pressures?*

In the shire counties and districts the levels of funding have been historically low and two systems run in parallel.

County Councils as Strategic Planning Authorities used to provide strategic planning through the system of County Structure Plans, which included proposals for major transportation infrastructure in relation to identified growth areas but made relatively little provision for education, health or other provisions because there has historically been little or no linkage in the English planning system between development planning and central government financial allocations for various services and infrastructure facilities.

District Councils had primary responsibility for local plan-making and development control. They also carried the main burden of the negotiation of s106 requirements. This system worked up to a point for development on the level of gradual organic change but when very large-scale growth over a relatively short period was proposed in the past (as in Milton Keynes and other centres) then a Development Corporation tended to be Government's response to the need to channel investment and to relate closely the planning process and budgetary allocations.

It is arguable that the serious weaknesses evident in the growth areas are unlikely to be addressed through the current patchwork of individual local authorities and occasional local partnerships and that a stronger set of delivery mechanisms through which development planning, public sector budget provision and private investment can be garnered, coordinated and applied to a thoroughly prepared infrastructure delivery plan.

In areas where the Government and/or local authorities and public sector funding partners have identified a need for area-based regeneration initiatives and where Government has allocated funding to the work of these local partnerships then there may be organisational structures already in place that are able to assist in the process of coordination of investment in relation to plans for physical development and regeneration. Examples of such initiatives include:

- Urban Regeneration Companies (URCs) are local partnerships which are supported by English Partnerships, Regional Development Agencies and local authorities. URCs do not have any statutory powers or funds of their own but seek to coordinate different funding streams and focus them on local priorities, often shaped through non-statutory area framework plans and masterplans (which will eventually be supported through the statutory development plans LDF and LTP when these are finalised)

- Urban Development Corporations, which are grant aided by Central Government and have both planning and other wide statutory powers that enable them to fund and provide infrastructure directly or to gap-fund infrastructure provision by developers or other partners.
- Local regeneration and development partnerships and Local Strategic Partnerships. These are non-statutory and informal. Some (such as the Housing Market Renewal (HMR) Partnerships established to deliver the Government's housing market renewal programmes) have significant professional staffing. Others (such as most of the LSPs) do not. They are often dependent on local authorities to provide Accountable Body and statutory planning and transportation functions. However they do provide a forum for discussion and development of a wider shared vision between the public sector partners and for the promotion and development of a clear set of development and infrastructure priorities. It would however be fair to point out that the extent to which many of these partnerships are equipped to address infrastructure issues has been to some extent limited by Government requirements and expectations. For example the HMR Pathfinder Partnerships are expressly restricted in their ability to spend on infrastructure to support new housing in their areas. Also, because of the historic loss of population from these areas the LTP funding formula is unhelpful in allowing the partnerships to access funding from mainstream Department of Transport budgets. The Growth Areas are in a more favoured position but even here the levels of funding available are inadequate to meet the challenges to underpin new housing development.

However, because these various organisational mechanisms have arisen from succeeding waves of ministerial initiatives by different Government Departments or parts of Government Departments (mainly DCLG) there is no consistency of delivery structures across the country. The current move to LAAs (and MAAs in some sub-regional conurbations) appears likely to help to resolve this issue and provide some consistency as a basis for coordination and delivery. However as many planners are employed in local authority planning departments responsible to local councillors and funding may be channelled through LAA partnerships with separate Board structures there may still be scope for failures of coordination unless the local authorities and LAAs are expected to closely integrate their planning personnel and functions to align statutory powers, planning process relationships with developers and priorities for the limited public sector funding. The RTPI has consistently advised of the need for better coordination in this area and has worked closely with DCLG in the development of the Local Government White Paper and in the production of new guidance 'Planning Together' to bring this about.

The results of the RTPI's EPiSP study suggest that most local authorities are not fully aware of the implications of or opportunities provided the 2004 planning reforms in this regard. The project team has suggested the establishment of a Local Infrastructure Group (LIG), Local Infrastructure Programme and Local Infrastructure Fund by Councils, together with greater transparency and monitoring of planning gain delivery .

The main recommendations emerging from this work are likely to be as follows:

- Local Authorities should establish a Local Infrastructure Group [LIG] to translate the SCS, LDF and other planning requirements into a Local Infrastructure Programme [LIP] which is committed and resourced through the Local Infrastructure Fund [LIF].

- Local Authorities should establish a more formal approach to managing planning gain and other funds being derived through the planning process, including identifying requirements identified by the SCS and LIP process.
- Local Authorities should place all items required within Section 106 planning agreements, planning gain, tariff, roof tax or similar devices on a list of public Community Gain Requirements.
- Local Authorities should appoint a Community Delivery Auditor to monitor delivery of all planning gain agreements from the proceeds of the management levy on each agreement.

EPIsP outputs suggest the following in terms of the greatest coordination failures and pressures as being:

- a lack of understanding of spatial planning at the local authority level - planners, Chief Executives, and other service managers not aware of the implications and capacities offered by the 2004 Act; and
- other partners eg PCTs, education departments etc are similarly unaware because they have had little or no communication from lead departments.

The Draft Executive Summary of the EPIsP report (enclosed) states:

The study has identified some of the barriers that constrain spatial planning from being more effective. One of the most important of these is the difficulty of ensuring that Chief Executives and executive members in Local Authorities and leading politicians in Regional Assemblies recognise the key role that spatial planning has in shaping and delivering tomorrow's places.¹⁶

Delivery of the Core Strategy through the whole of the LDS is seen to be one of the key features which differentiate development planning from spatial planning. Through spatial planning, places are not only to be visioned and shaped for the future, but also the way in which visions are to be achieved is seen to be one of defining features of the new approach. This encompassed within the tests of soundness which all core strategies will need to meet. PPS12 identifies that the identification of resources should be integrated into longer term planning processes based on the future requirements of the community. The adequacy of infrastructure provision is a material consideration and creates an inevitable link to development management and planning gain regimes. These links between places and their requirements are required to be considered at the front end of the process.

PPS12 identifies some of the components of this resource consideration – utilities, transport, waste and air quality for example. It also states that there should be integration with other bodies and strategies with reference primarily to regional bodies and also lists in section 2.5 of the Companion Guide that this should also include:

- Economic development
- Regeneration
- Education
- Health

¹⁶ Drawn from internal EPIsP documents and liable to change before publication.

- Crime prevention
- Waste
- Recycling
- Environmental protection

EPiSP has found case study authorities and RPBs which have taken this approach in a systematic and planned way, extending these relationships to public and voluntary bodies which are involved in the LSP and who have a contribution to the well being other area. These have included those providing and managing open space and parks, leisure and cultural facilities and faith buildings. The approach which seems to be emerging as effective for managing this process is one which is seen to be a common implementation group for the region or the local authority which is linked to the wider public sector programmes such as the LAA [or MAA in future]. The best approaches are systematic. Where these approaches are evolving, they are frequently based on good working relationships around perceived priorities but eventually these will probably need to be more systematic to be both more inclusive and sound in their approaches.

Where local authorities are not picking up the delivery elements of spatial planning this may be due to the weighting of advice given in PPS12 and the Companion Guide as well as advice being given by Government Offices. Local authorities have understood the need to integrate with transport and highway plans, although there are real weaknesses on their ability to deliver on these. However, there is less understanding about the spatial planning process being the mechanism for drawing together public sector capital programmes and longer term service delivery strategies as this is not outlined in any detail in any of the documents. Clearer guidance on this issue is required at an early stage.

Is Central Government (including GOs) picking up on failures before they happen?

In general, whilst Government Offices have in some cases recognised the problems, the issues are structural and heavily influenced by Central Government Departmental organisation and priorities. It is therefore arguable that Government Offices are in no position to make a major positive impact on this challenge as the issues have been fundamental to the structure of government and therefore systemic. GOs will be in a better position to assess failures and to intervene to influence key players where they attend the LAA/MAA Boards as observers. They should also be able to pick up key information through their functions in relation to planning and transport infrastructure. It is less clear how they will be able to pick up issues regarding Primary, Secondary and Further/Higher Education, Health infrastructure, Recreation/Open Space and the privatised utilities, including water/drainage, gas/electricity and telecoms and there is a strong argument for greater multidisciplinary and partnership working between Government Departments at the level of GO's to facilitate the best use being made of partnerships at the LAA/MAA level.

Towards Future Practice

One of the key issues assailing the field of infrastructure provision in the United Kingdom is the sheer diversity of infrastructure planning, regulation, accountability, ownership, investment, delivery and service provision models. Diversity is healthy to a point, but it is the RTPI's view that our structures have now become so significantly complicated that they challenge the analytical prowess of even the most studied observer to identify, draw out and promote good practice. In these circumstances, many practitioners in the field of infrastructure provision just 'do what they know', or recourse to the erection of artificial knowledge barriers around their problem solving, just to make issues more manageable in scale. This is not a recipe for measurable consistency, quality, efficiency or value for money in service design and delivery.

This pattern of working makes delivery through spatial planning processes difficult as:

- the planning authority has to work well with a plethora of different entities, different plans and programmes, different funding systems and differently collected supply and demand data for different geographic areas;
- infrastructure entities report to too many masters in government and, for example, we do not have unified baskets of policy and regulatory objectives for infrastructure provision that address the making of sustainable communities through the consideration and balancing of economic, social and environmental considerations;
- many infrastructure entities have never obtained or else have lost the disciplines of working spatially and strategically.

Whilst the RTPI considers that much can be done to improve coordination and delivery at the local government level, it must observe that the benefits to be obtained from such an endeavour will only be maximized if, at the same time, a systematic approach is taken at the national and regional tiers to:

- simplify and where possible unify the lines of political accountability for key infrastructures and providers;
- simplify the regulatory structures for key infrastructures and ensure that regulation is holistic, in the sense of responding to a balanced basket of economic, social and environmental measures and outcomes;
- simply and spatialise the sources of national policy for infrastructure delivery and location;
- establish principles and duties of cooperation and partnership between remaining separate public and private entities involved in infrastructure planning, regulation and delivery; and
- foster principles of multi-partner local or multi-area agreement and contract, providing greater certainty for all participants about need-market, delivery and return on investment-public value.

Concepts such as a central government 'Department of Infrastructure' might assist in this regard, as could the proposed 'independent planning commission, discussed in the Barker and Eddington Reports.

The RTPI's concept of a UK Spatial Planning Framework¹⁷, highlighted in our original submission to the Treasury in this review and the preparation of spatially based policy statements around infrastructure need and location would also assist.

¹⁷ Wong et al, 2006, <http://www.rtpi.org.uk/download/241/spatial2.pdf>

Supporting Local Infrastructure Coordination

- *What should Government do to support the mechanisms to coordinate infrastructure at the local level?*

Government should provide a national framework within which statutory and non-statutory planning can be related to infrastructure planning – with publication of clear guidance to back this up and to support local negotiations with private developers and investors.

At regional level the Regional Spatial Strategy should respond to the national Government framework by development of a clear regional infrastructure policy and requirements for local areas and sub-regions to meet – especially in growth areas and areas of major restructuring. The Regional Assembly needs to be charged in a more explicit fashion with overall responsibility for coordination of infrastructure at strategic regional level and for the links between the Regional Spatial Strategy and strategic regional infrastructure investment.

At local level LAAs and MAAs should be charged with overall responsibility for coordination of infrastructure to underpin housing and economic growth and restructuring across their areas. The LAA/MAA should be required to make explicit and close linkages between the work of local statutory and non-statutory planners and managers of key infrastructure and service providers. Explicit guidance should be issued to require statutory development plans and non-statutory master-plans to consider the capacity of infrastructure in assessing the baseline and proposed development options prior to resolution of the preferred option for each plan. Current guidance on statutory plans does cover this to some extent but there is scope for enhancing and reinforcing these provisions and for extending them to non-statutory plans. The latter are of particular importance in areas of major and rapid change such as growth areas and housing market renewal areas. In such areas the lengthy statutory plan-making process means that statutory development plans may be used to confirm, support and strengthen the proposals in non-statutory master-plans rather than to lead the vision for the area. Alternatively, mechanisms to reduce the duration of statutory planning procedures, whilst not excluding stakeholders and communities with legitimate interests in involvement should be further examined.

It is crucial that any funding streams arising from the operation of s106 agreements or the proposed Planning Gain Supplement are routed into infrastructure priorities that can be coordinated and linked with private investment and other funding streams. The following are therefore important.

- The level of investment required to pay for necessary infrastructure is fully and robustly assessed as a component of project and programme appraisals of masterplans and LDF proposals when the plans are prepared.
- Any funding gaps identified are capable of being filled through identified funding sources, public or private – and that the proposals are viable as well as technically justified and represent value for money. This would normally be an issue to be addressed at various stages in project development, planning and funding approvals, not least at public inquiries where an inspector will consider major proposals in relation to any statutory plan, planning application or Compulsory Purchase Order to facilitate land assembly for infrastructure or development.

- There is an appropriate organisational mechanism with the capacity and capability to prepare proposals in conjunction with the private sector and all relevant public sector partners and to negotiate at the interface between public and private sector funding and different public sector funding streams in order to align and assemble the funding necessary to deliver the infrastructure or to ensure that it is delivered by one of the public or private sector partners. It is considered that the LAA/MAA mechanisms envisaged by the recent Local Government White Paper will provide the best opportunity to build capacity of this kind through a national English system.
- That whatever organisation is established should be supported through a national programme of best practise that should provide access to private sector equity as well as normal public sector funding mechanisms. The scale of infrastructure investment required across England to meet Government aspirations for housing development is considerable. This will be complemented with infrastructure needed to support economic development. Taken together the scale of what is envisaged must represent a considerable commercial opportunity for the private sector. In the spirit of the Gershon recommendations it would be helpful if Government facilitated access to private equity on a coordinated basis. It has already provided the mechanisms for repayment of appropriate prudential borrowing by local authorities and there may equally be opportunities for arrangements that would not be counted against public sector borrowing targets.
- The RTPI wishes to ensure that its members are fully prepared, briefed and trained to assist in managing the new areas of work that are required to deliver the Government's Sustainable Communities Agenda. To this end it has established the new Learning Partner initiative with employers, launched recently by Baroness Andrews. It would be helpful if the Treasury and DCLG could consider how additional support and incentives could be provided to local authorities to participate in and support such capacity-building initiatives in the interests of accelerating and smoothing progress in this crucial area of professional planning activity. Key areas of relevance will include ensuring that planners in local government, the private sector and in infrastructure provider organisations are well-informed and trained in infrastructure coordination and provision issues and that the funding and negotiation issues are addressed in depth.
- It would greatly assist the position of planners in local authorities of their role in coordination of infrastructure was highlighted by Government and given express weight through guidance issued to local government. The recognition of this role varies enormously between local authorities and Government support would assist in developing greater consistency across the country.

New Tools

- *What new tools does the coordinator need to hold to facilitate timely outcomes?*

Local government requires clear authority to drive forward a coordinated infrastructure agenda in each area. The EPI SP, LIG, LIG and LIF recommendations discussed above are highly relevant here.

Consideration should be given to the concept of a duty of cooperation between infrastructure partners. Partners need an understanding of the committing nature of MAA and LAA

processes and to be certain that those engaging in these processes will be bound to and by them.

Local government and partnerships need adequate resources of properly briefed, trained professional staff – including not only planners but relevant technical or technical consultancy and occasional legal support.

Local government and partners need an appropriate budget to pay not only for the provision of infrastructure but also for the revenue costs of the coordination effort itself. Another option would be to address the very restrictive interpretation of capital expenditure applied by CIPFA to ensure that infrastructure coordination, design and preparation work can be allowed against capital expenditure. This would enable a reasonable proportion of capital resources to be devoted to the task of coordinating and driving forward provision.

Other Issues

- *What other issues or methods not considered above might be relevant?*

The possibility of using private sector equity funding to support infrastructure delivery, to be recouped in due course against growth in land values. While the PFI mechanism has often been used for delivery of large-scale transport infrastructure, schools etc, it is often too onerous, slow and difficult to allow its application in the relatively fast-moving situation of private development proposals and planning applications. Some thought needs to be given as to how some of the principles developed through the PFI model might be applied to the challenge of infrastructure delivery – perhaps through structured private equity partnerships with the public sector at national, regional or local levels, or through the adoption of Tax Increment Financing (TIF)¹⁸ or more sophisticated forms of Development Contributions Planning (DCP)¹⁹.

Thought would need to be given to:

- How the mechanisms would link to the development planning process
- How an income stream could be recovered from growth in land values over time
- How the expenditure could be accounted so as to avoid an undesirable impact on the public sector borrowing requirement.

¹⁸ There is widespread US practice around the use of TIF: see for example Tax Increment Financing, Johnson and Man, 2001, <http://www.sunypress.edu/details.asp?id=60354>

¹⁹ Australian practice in this area has become quite sophisticated: see for example the current development contributions guidelines for the State of Victoria, <http://www.dse.vic.gov.au/dse/nrenpl.nsf/LinkView/C23C46DD178735CFCA256D510028183E D25AF50FA7BD51C6CA256D19002683F0>

Recommendations

The Royal Town Planning Institute Recommends:

- 1 Government should seek to simplify the number and duties of infrastructure providing and regulatory entities.
- 2 Government should endorse the concept of a duty of cooperation between infrastructure planning and providing bodies. This should be underpinned by mechanisms delivering greater certainty in infrastructure planning between partners.
- 3 Government should continue to endorse and further support the development of Local Area and Multi Area Agreements (LAAs - MAAs) as means of delivering infrastructure between partners.
- 4 Local Authorities should establish a Local Infrastructure Group [LIG] to translate the SCS, LDF and other planning requirements into a Local Infrastructure Programme [LIP] which is committed and resourced through the Local Infrastructure Fund [LIF].
- 5 Local Authorities should establish a more formal approach to managing planning gain and other funds being derived through the planning process, including identifying requirements identified by the SCS and LIP process.
- 6 Local Authorities should place all items required within Section 106 planning agreements, planning gain, tariff, roof tax or similar devices on a transparent list of public Community Gain Requirements.
- 7 Government should act to restore certainty around the respective roles of PGS and section 106 funding as soon as possible, to ensure that good practice development in section 106 continues to progress as relevant.
- 8 Local Authorities should appoint a Community Delivery Auditor to monitor delivery of all planning gain agreements from the proceeds of the management levy on each agreement.
- 9 Continued research should identify good infrastructure planning practice. Education and training should disseminate this.

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With the exception of RTPI officers, all the professional opinions expressed in this paper are derived from those of individuals and do not necessarily represent the views of employers.

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