

West of England, Council Cabinets
March 2010

WEST OF ENGLAND 2010/11-2014/15 DELIVERY & INFRASTRUCTURE INVESTMENT PLAN WITH THE HOMES & COMMUNITIES AGENCY, FOR LOCATIONS LIKELY TO REQUIRE PUBLIC INVESTMENT.

RECOMMENDATION

That the Board endorse the Plan (at Appendices D & E) prior to its consideration by Council Cabinets.

PURPOSE OF THE PLAN

1. The Delivery & Infrastructure Investment Plan was first proposed in the MAA to:
 - Support the delivery of the local authorities Core Strategies.
 - Contribute to the implementation of economic, social and environmental infrastructure, to deliver growth in homes, jobs and mixed and sustainable communities.
 - Contribute to working with the development industry, both to assist market recovery and to provide confidence to investors in the sub-region.
 - Provide a well-evidenced plan for the sequencing and phasing of development in the sub-region, including engagement of the development industry and discouragement of inappropriate development.
2. Work is continuing with the authorities and GOSW to ensure the Plan has status as a “material consideration” in planning decisions including appeals, to support spatial planning policy in the emerging and final core strategies.
3. The 2010/11-2014/15 Delivery & Infrastructure Investment Plan appended to this report has been developed through the Single Conversation, with the Homes & Communities Agency, the South West Regional Development Agency and other bodies, and has focussed on the delivery of:
 - Sustainable places in priority areas: mixed and sustainable communities
 - Economic prosperity and opportunity: employment sites to attract business investment
 - Housing for everyone: market, affordable, supported and social housing.

THE SINGLE CONVERSATION: PLANNING INFRASTRUCTURE DELIVERY

4. Based on the Councils' emerging Core Strategies, which underpin their Local Development Frameworks, council and partnership officers have identified and assessed a long-list of priority developments likely to require public investment in infrastructure in the period 2010/11 – 2014/15. At a 'plan' level (many of the developments are not yet fully-developed projects) officers have estimated the public infrastructure funding gap, based on assessments of the viability of developments as the economy moves from recession into recovery.
5. This assessment of the infrastructure requirements of priority developments likely to require public investment has been reviewed and further prioritised through the Single Conversation. The Conversation is a delivery model devised by HCA to integrate the work of public sector bodies and agencies in supporting the development set out in the Council's emerging Core Strategies.
6. In a wider context the Conversation includes the local authorities, the public assets they have to contribute and its co-financers of development; this means the HCA and RDA but potentially also agencies with regulatory as well as investment functions such as the Environment Agency and the Highways Agency.
7. The expected cuts in public expenditure are a serious threat to the delivery of the infrastructure required to support existing and future growth in communities.
8. The Conversation therefore also has still to consider other sources of finance such as: cash-flow support through the Regional Infrastructure Fund; the potential opportunity to retain business rates in a particular development area to support public infrastructure gap; and in the longer term, the proposed Community Infrastructure Levy.
9. In addition the Conversation will also need to further engage the infrastructure providers (utility companies, the Health Service and the police) to ensure timely provision, as well as developers and agents to inform them of the emerging plans and to seek their views on the changing viability of development and other issues to be taken into account in planning delivery.
10. The Regional Funding Allocation for Transport Investment from DfT remains key to dealing with the existing investment deficit and to making provision for the projected high levels of growth in homes and jobs. This investment is essential to securing effective access for communities, to providing attractive investment opportunities for business and to supporting the growth and productivity of the sub-regional economy. The sub-region is promoting continued support for its £450m RFA2 Transport Major Schemes Programme in view of the high levels of growth planned and the economic contribution of the sub-region to UK PLC. The Single Conversation has reinforced the need for infrastructure prioritisation for the development of jobs, homes and communities, including transport, to be fully aligned.

11. In early discussions with the HCA and RDA it was agreed that co-ordinated investment in homes, jobs and community facilities in Priority Places would in combination demonstrate significant additional output and outcomes. Further investment would also be allocated to continuing needs based investment in affordable and supported housing in Rural & Market Towns and in Localised Suburban intensification.

PROPOSALS

Development and Initial Prioritisation of the Delivery&Infrastructure Investment Plan

12. Initially council officers identified a long list of such draft priorities for development likely to require public investment over the period 2010/11 – 2019/20. The objective was to prepare proposals that are firm for Years 1-3 and soft for Years 4&5 and included investment to support:
 - Priority Places: land assembly and acquisition; site preparation, planning and remediation; capacity building, studies and master planning; site specific infrastructure such as roads and bridges; community infrastructure; flood alleviation and mitigation; employment space, especially subsidised and incubator provision in mixed-use developments; Priority Place based affordable & supported housing
 - Affordable & Supported Housing in Rural & Market Towns and Localised Suburban Intensification: largely meeting the needs and re-balancing smaller communities.
13. Council officers provided information on which infrastructure investment at each Priority Place was assessed for strategic fit and deliverability. This process required council officers to be increasingly specific about the nature, scope, timing and outputs of developments, and the infrastructure needs likely to require public investment. Such work remains at 'plan' level, since not all the developments are fully-fledged projects.
14. At this stage too, council officers had to make working assumptions about the viability of development at Priority Places. In assessing value for money assumptions have been made when appraising the proposed level of public investment in infrastructure against the strategic benefits and direct outputs that result. Viability and value for money assumptions will be tested further when investment is appraised as detailed submissions are made to co-financers such as the HCA and RDA.
15. At this earlier stage it was impractical to assess, in the same way as for Priority Places, the strategic fit of Affordable & Supported Housing in Rural & Market Towns and Localised Suburban Intensification. Council officers put forward proposals that could be delivered in the timescales specified and contributed to meeting targets in their Local Area Agreement.

LEVELS OF INVESTMENT 2010/11 – 2014/15

16. In finalising priorities for 2010/11 the following factors had to be taken into account:
- The use by HCA for 2010/11 only of a 'bids' system inherited from the Housing Corporation, one of its predecessor bodies. This involved submissions for investment from the councils, Housing Associations and developers, to assist prioritisation of investment in 2010/11, largely through the National Affordable Housing Programme (NAHP). From 2011/12 local priorities will be identified through the Delivery & Investment Plan based on local authority Core Strategies
 - Commitments already made for the period 2010/11 – 2011/12 include final payments based on the HCA's substantial investment in 2009/10 to assist recovery in the housing market and other continuing committed development. Overall these factors reduce the investment available for 2010/11 through NAHP committed expenditure and the 'Kickstart' Scheme to recover the development of market homes.
17. Over the period 2010/11-2014/15 the HCA agreed to a measure of over-programming to acknowledge the risk of slippage on account of the challenge of delivery and the outcome of future detailed value for money assessments. This is reflected in the Plan chart and spreadsheet (Appendices D and E). With over-programming, on a core annual HCA investment of c. £60m p.a., the Appendices in Years 1-3 provide on average for infrastructure investment projects of c.£73m p.a.
18. In the case of the RDA, estimated investment in the West of England over the period 2010/11 – 2011/12 is as follows:
- 2010/11 £14.3m (all committed)
 - 2011/12 £15m (£5m committed)
- No RDA commitments are included in the Plan. Further discussions about future investment, especially in sites and premises for employment, are required both amongst the councils and their economic partners, including with the new RDA Executive and Area Directors for the sub-region.
19. Work remains to be done on other potential sources of investment. As well as the use of public assets these may include:
- The Regional Infrastructure Fund (RIF), which provides cash flow support where a detailed business plan demonstrates the development, can repay the loan required to close the infrastructure funding gap, either through future s106 receipts or the project business plan. The RDA is considering a private sector backed RIF to augment the publicly funded scheme.
 - Exploring any scope for aligning any Environment Agency or Highways Agency investment to give support to eligible investment required as part of developing Priority Places.

- Monitoring any further national developments in the retention of business rates in an area for an agreed period to meet public infrastructure funding gaps. An application has been made for Accelerated Development Zone status in response to a call for proposals from government.
- Further examining scope for the application of Community Infrastructure Levy if as planned by government the scheme becomes available in April.

FURTHER PRIORITISATION OF PRIORITY PLACES

20. The strategic fit and deliverability assessments identified a number of premium priority places. Further prioritisation then took place to determine the highest priority locations for inclusion in the Delivery & Infrastructure Investment Plan for 2010/11-2014/15. This further work identified the following Priority Places.

- **‘City Centre and Major Business Locations’**

Bath City Centre – Bath City Riverside

The development of this major Brownfield site provides an opportunity to extend Bath City Centre and minimise car dependency within the city. Delivery of the expansion of the City Centre is essential in providing new housing both market and affordable, and promoting employment led growth in key sectors by delivering modern business, leisure and retail space together with new tourism facilities. In order to bring forward development at Bath City Riverside investment needs to be made into a number of key infrastructure schemes including flood alleviation, land assembly, remediation and affordable housing. This investment is fully aligned with the RFA 2 transport investment and delivery of the Bath Transportation Package.

Bristol Central Area – Temple Meads, North of Feeder Road, Stokes Croft and Dove Lane

A key priority for the sub-region is the maintenance and enhancement of the City Centre; this is a reflection of its economic importance. Development of the City Centre reflects sustainable development objectives; this includes capacity building for Temple Meads and North of Feeder Road, acquisition, demolition and refurbishment of Westmoreland House in Stokes Croft, affordable housing and improvement to the public realm at Dove Lane; and.

Emersons Green/Staple Hill/Kingswood including priority areas

The east fringe of Bristol includes a number of distinct communities within which there are pockets of relative deprivation and which has been designated a Priority Neighbourhood; employment opportunities within the east fringe are severely restricted and the quality of the urban environment is poor. In recognition of its importance to the economic success of the area, capacity building is needed to ensure that proposed public support for the Science Park is maintained. HCA investment will also be required to ensure the delivery of affordable housing at Emersons Green East, a large mixed-use development allocated in the South Gloucestershire Local Plan, and other medium-sized developments in the priority area.

Filton/Patchway/Cribbs

Filton and neighbouring Patchway have been identified as Priority Neighbourhoods that need additional support in order to improve quality of life for local residents. Residential developments at Filton Northfield and Cribbs Causeway will help meet the pressing housing needs in the Bristol North Fringe and provide appropriate community facilities. Development at Filton Northfield has commenced; new dwellings will be delivered over the next 12 months. However, HCA and RIF funding is essential to delivering development on this strategic site. At Cribbs Causeway an urban design framework and masterplanning are required to guide the development of new communities.

Top of M32 – incorporating Wallscourt Farm (S.Glos part)

Significant major new housing development in the area from Lockleaze to Bristol Parkway railway station will build upon the locational strengths of the area and address the significant imbalance between jobs and homes. Three strategic housing developments will be progressed at Wallscourt Farm, Harry Stoke and East of Coldharbour Lane. Delivering this development requires public support for capacity building through an urban design framework and the provision of affordable homes.

- **‘Support for Regeneration’**

South Bristol – Hengrove Park / Hartcliffe Campus

Hengrove Park and the Hartcliffe Campus offer the potential to create a counterpoint to the North Fringe. With ambitions for investment in social, physical and environmental infrastructure and better access to jobs and services, to reduce disadvantage, develop more mixed and sustainable communities and attract increased business investment and more local employment. To release remaining development opportunities in the area investment is required in master planning, site assembly, site preparation, highways and utilities, community facilities and public transport.

South Bristol – Knowle West - Kingswear, Torpoint, Filwood, Inns Court

The Knowle West Regeneration Framework is currently being developed and sets out the strategic plan for change in the area, including opportunities for new homes, jobs, transport infrastructure, and improved open space and relatively poor access to jobs and local services. At Kingswear and Torpoint proposals are being prepared to revitalise the neighbourhood; prioritised by the council as an exemplar project setting the standards for future development in South Bristol.

North Bristol- Lockleaze (Wallscourt Farm) (Bristol)

Lockleaze is an isolated low-density former council housing estate in the North of Bristol, where residents currently experience significant disadvantages. The City Council is seeking to regenerate the area by investing in housing renewal, improving local facilities and amenities, and improving access to employment opportunities. Delivering this development requires public support for the provision of affordable homes, public realm improvements and improved access.

Weston Town Centre

Weston Town Centre is a key priority in the Partnership Vision 2026. The town centre has suffered from underinvestment over several years resulting in a poor retail offer and areas of Central and South Wards which feature in the top 5% most deprived nationally. Several key development sites have been identified as early priorities for securing town centre extensions that will provide a wider range of business units and enhance the existing retail offer. In order to bring forward development at the key sites (Town Centre, Dolphin Square, Southward, Victoria Square) investment will be required to deliver supporting infrastructure, allow site preparation and ensure delivery of affordable housing.

Weston Urban Extension – Weston Airfield, Locking Parklands

The urban extension is essential for meeting the development targets for Weston-super-Mare, with the ambition to deliver employment led development, accompanied by a number of market and affordable homes. The large expanse of previously developed land constitutes Weston Airfield and Locking Parklands; infrastructure improvements at Weston Airfield will improve access to employment opportunities from Weston-super-Mare, whereas kickstart funding at Locking Parklands will encourage the development of a sustainable community.

- **‘Improving local communities’**

Somer Valley

Acknowledgement of the need to enhance the ‘self-containment’, secure economic re-investment and arrest further increase of travel to Bath and the wider area.

Keynsham

There are proposals for the development of outworn town centre sites, allocated residential land and for the regeneration of Cadbury’s following the expected closure. Delivering these proposals will secure economic re-structuring, significant contributions to development targets and improved self-containment. Public investment will be required in support of planning, access improvements and development of brownfield sites.

Yate/Sodbury

Opportunities for housing and employment growth have been identified at Yate and Chipping Sodbury to achieve greater self-containment of the market towns and increase their strength and vitality as service centres. Building out existing housing commitments and planning a new urban extension will enable the development of a more sustainable community. HCA funding will be required for an urban design framework to guide the delivery of mixed and sustainable communities at the urban extension, with a significant proportion of affordable housing.

Thornbury

Scope for further modest development is being investigated, Securing further development would facilitate the safeguarding and enhancement of local services. HCA funding would support planning studies and master planning.

21. The prioritisation of investment within these Priority Places focussed on:

- Further examination of the deliverability, risks and sequencing, primarily within Years 1- 3, of the distinct investment streams within each location
- Balancing continuity for the developer against the need for flexibility to ensure the best strategic fit for investment
- Individual and collective impact of these investment streams on strategic objectives, leverage, the pace & scope of development, total outputs and value for money
- Avoiding any investment where rising development viability means a market solution is foreseeable
- Overall ensuring the sub-regional offer based on public investment in infrastructure is providing attractive choices to the public to encourage the recovery of the housing market

Making provision for Affordable & Supported Homes in Rural & Market Towns and Localised Suburban Intensification

22. Whilst recognising the strategic importance of Priority Places the prioritisation process had to strike a balance with the high level of need for both affordable and supported homes across the wider community. Factors that were considered included the:

- Level of need, taking into account the most recent Strategic Housing Market Assessment
- Local Area Agreement targets which have to be met.
- Most appropriate distribution of such homes between Priority Places and other locations
- Opportunity cost in the Priority Places
- Confirmation of their deliverability
- Changes circumstances

23. This thematic investment provides for existing or new requirements outside of the Priority Places.

APPENDICES

Draft Strategic Case for Investment

(Abstract: Exempt Appendix A. Full version: Exempt Appendix B.)

24. The Draft Strategic Case addresses:

- Sub-regional context, objectives and requirements
- Challenges and Opportunities
 - Delivering growth
 - Scale of affordable housing need
 - Regeneration
 - Mixed, sustainable communities
 - Infrastructure provision and the viability of development sites
 - Realising the priorities of the spatial strategy
- Approach to Priority Places and Sub-regional Priority Themes
- Summary of Priority Places and Sub-regional Themes

Map of Priority Places requiring public investment (Exempt Appendix C)

25. This map shows the location of Priority Places in relation to planned investment in Major Transport Schemes up to 2019/20.

26. Whilst further discussion of Avonmouth Severnside is envisaged, no public investment is currently proposed in the period up to 2014/15. A recent submission to government responded to a request for expressions of interest in establishing an Accelerated Development Zone. This would enable business rate in an agreed zone to be retained for an agreed period, as a means of financing infrastructure.

27. Recent decisions affecting Keynsham may require some flexibility in the current allocation of investment.

The Plan: Chart of Infrastructure Investment 2010/11–2014/15 (Exempt Appendix D)

28. This depicts investment by location and type for the period 2010/11-2014/15 alongside outputs from investment in Priority Places by 2019/20.

The Plan: Spreadsheet of Infrastructure Investment by project, concluded with the Homes & Communities Agency (Exempt Appendix E)

29. This spreadsheet summarises the type and level of investment over the period 2010/11-2014/15 in Priority Places and Affordable & Supported Housing.

Map of Location of Overall Homes & Jobs Trajectory (Exempt Appendix F)
Table of Overall Homes & Jobs Trajectory 2006-2026 (Exempt Appendix G)

30. These Appendices identify the total growth in jobs and homes in the period up to 2026 envisaged by emerging Core Strategies, including those requiring public investment summarised at Appendix E.

Schematic Map of Transport investment proposed as part of RFA2 Major Schemes. (Exempt Appendix H)

Responses from the:
Environment Agency Exempt Appendix I
Highways Agency Exempt Appendices J, K,L
Housing Associations Exempt Appendix M
Development Industry Exempt Appendix N
Joint Scrutiny Committee Exempt Appendix O

31. Further Action has/is being taken in response to these views. Further engagement is planned in all cases.

Summary of actions beyond the March Council Cabinets

32. During and/or beyond the approval of the Plan the following actions are envisaged.
- Conclude discussions on the support required to enable the provision of pitches for Gypsies and Travellers.
 - Early formal agreements with HCA on the investments set out in the 2010/11 Plan, subject to formal appraisal and final assessments of viability.
 - Further operational planning to ensure the delivery of the investments envisaged for 2011/12 to 2014/15, in line with emerging Core Strategies.
 - Concluding formal arrangements for recognition of the Sub-regional Delivery & Infrastructure Investment Plan as a “material consideration” in planning decisions including appeals.
 - Continue negotiations with the RDA and strengthen the sub-region’s approach to increasing economic growth and competitiveness, and to agree future investment.
 - Take further action to exploit other potential sources of investment, especially the Regional Infrastructure Fund (RIF).
 - Continue negotiations with the Environment Agency and Highways Agency and open discussions with infrastructure providers including the Regional Health Authority and Public Utilities.
 - Further engagement of Development Industry and Housing Associations as delivery partners.
 - Strengthening of sub-regional operational planning and programme management arrangements.
 - Use the Plan and the Strategic Case in RFA2 Transport negotiations, in responding to consultations on the forthcoming Comprehensive Spending Review, and in lobbying Government.

POLICY IMPLICATIONS

33. The Plan supports the Council's emerging Core Strategies and will be modified to reflect any modifications included in the approved Strategies.
34. The prioritisation of investment has involved relevant officers of the four Councils and the Partnership Office and has taken into account the views expressed by Partner organisations during the Single Conversation.
35. The homes and jobs outputs are below the original Draft RSS and the Government's Proposed Changes to RSS. The Proposed Changes are currently the subject of a Sustainability Assessment required by Government; based on recent advice from GOSW this assessment is planned for completion by March 2010, and Government may decide on further public consultation.

FINANCIAL IMPLICATIONS

36. The formal agreements to secure HCA investment will in appropriate cases require the Councils to include the value of appropriate public assets used to secure development.

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