

OVERVIEW & SCRUTINY VIEWS AND RECOMMENDATIONS TO CABINET 17 JULY 2013

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| Report Title | RECOMMENDATIONS OF THE OVERVIEW AND SCRUTINY COMMITTEE – INFRASTRUCTURE REQUIREMENTS AND SECTION 106 AGREEMENTS |
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Agenda Status: PUBLIC

1. Purpose

- 1.1 To present to Cabinet for consideration, the comments and recommendations of the Overview and Scrutiny Committee on the findings of the Review – Infrastructure Requirements and Section 106 Agreements.
- 1.2 The Executive Summary to the Overview and Scrutiny Committee’s report is attached at Appendix A. Members of Cabinet have been issued with a copy of the full report. All Overview and Scrutiny Review reports are published on the Overview and Scrutiny page on the Council’s Webpage and a copy of the this report can be located: www.northampton.gov.uk/scrutiny - Previous Scrutiny Reviews.

2. Recommendations

- 2.1 The Overview and Scrutiny Committee recommends to Cabinet that:

Infrastructure Requirements

- 2.1.1 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.
- 2.1.2 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.
- 2.1.3 It is ensured that the North West Bypass is fully funded and built, when required, to serve new developments and that appropriate arrangements are agreed with South Northants Council and Daventry District Council to ensure funding CIL infrastructure is given priority across the partnership.

- 2.1.4 Section 106 Agreements and CIL contribute to improvements to the Strategic Highways Network via the A45/M1 Growth Management Strategies.

Affordable Housing

- 2.1.5 Cabinet satisfies itself that the introduction of Community Infrastructure Levy (CIL) will not have an adverse impact on the provision of affordable housing; whilst recognising that the existing S106 Policy allows for flexibility in accordance with Government Policy.
- 2.1.6 Cabinet recognises that the introduction of CIL will have corporate implications and these must be identified and addressed.

3. Background and Issues

- 3.1 The purpose of the Review was:

- To identify the infrastructure requirements to Northampton and the surrounding areas
- To evaluate how the infrastructure will be delivered through Section 106 Agreements/Community Infrastructure Levy (CIL)
- To identify any funding gaps and how these will be filled
- To understand the management of S106 funding

- 3.2 The Overview and Scrutiny Committee agreed at its work programming event in March 2012 to include a review of infrastructure requirements and S106 Agreements. A number of proposals around these issues had been proposed by members of the public as a key suggestion for a future Scrutiny Review. The Overview and Scrutiny Committee commissioned Scrutiny Panel 3 to undertake the Review. An in-depth Review commenced in July 2012 and concluded in May 2013.

- 3.3 A Scrutiny Panel was established comprising Councillor Phil Larratt (Chair); Councillor Elizabeth Gowen (Vice-Chair); Councillors Ifty Choudary, Matt Lynch, Jonathan Nunn, David Palethorpe, Suresh Patel, Terry Wire DL, together with co-opted Members, Councillor Alan Chantler (Daventry District Council) and Councillor Marion Minney (Northamptonshire County Council).

- 3.4 This Review links to a number of the Council's corporate priorities including Priority 1 – Northampton on track – a vibrant town, Priority 2 – invest in safer, cleaner neighbourhoods and Priority 5 – better homes for the future.

- 3.5 The Scrutiny Panel established that the following needed to be investigated and linked to the realisation of the Council's corporate priorities:

- Purpose and scope of S106 Agreements and introduction to CIL
- Joint Core Strategy Infrastructure Schedule
- Central Area Action Plan Infrastructure Schedule
- Sources of funding for infrastructure
- Table of existing NBC S106 obligation monies and information relating to NCC and WNDC S106 monies
- Developer Obligations Supplementary Planning Document

- Future provision of skills and training programmes
- Affordable housing
- Memorandum of Understanding for the Growth Management Scheme for the A45/M1
- Sports and Playing Pitch Strategy
- Map: defended and undefended areas
- Drainage Strategy (summary)
- A copy of a Section 106 Agreement
- Desktop research – best practice elsewhere
- Evidence from a variety of key partners and Agencies

3.6 Evidence was collated from a variety of key advisors, including:

- Various Utilities – Gas, Water, Electricity and Sewerage Providers
- Assistant Director of Education Services, Northamptonshire County Council (NCC)
- Childcare providers
- Developer
- Homes and Communities Agency
- Housing Strategy Manager, Northampton Borough Council (NBC)
- Nene Commissioning
- General Manager, Construction Futures
- Assistant Director of Highways, NCC
- Assistant Director of Environment, NCC
- Highways Agency
- Assistant Chief Constable, Northants Police
- S106 Officer, NBC

3.7 In considering the evidence the following conclusions were made: -

Infrastructure Requirements

3.7.1 The Scrutiny Panel concluded that infrastructure requirements are identified up to 2026, in the West Northamptonshire Joint Core Strategy Infrastructure Delivery Plan, covering the administrative areas of Northampton Borough Council, South Northants Council and Daventry District Council, including:

- Highways
- Drainage/Water management
- Flood defences
- Schools
- Primary Health Care
- Leisure

3.7.2 The Scrutiny Panel welcomed that the West Northamptonshire Joint Core Strategy Infrastructure Development Plan will be updated annually, which it realised, is a necessity to ensure that priorities are continually aligned with changes in development priorities or pace of development. It emphasised that flexibility to re-prioritise accordingly will be important.

Highways

- 3.7.3 The Scrutiny Panel identified that there is a significant funding gap in respect of the building of highways. Section 106 Agreements and CIL will have to contribute to improvements to the Strategic Highways Network via the A45/M1 Growth Management Scheme. It is recognised that the funding gap remains challenging for growth beyond 2026 and further work will have to be undertaken in this area.

Joint working and early engagement

- 3.7.4 The evidence gathered accentuated the need for joint working, in particular, joint working when drawing up charging schedules; joint review of Infrastructure Delivery Plans and housing/employment delivery performance / development trajectories, could be helpful in ensuring proper cross boundary funding of key infrastructure. The need for all partners to be involved in planning stages for infrastructure to design the most efficient and cost effective schemes as possible was highlighted.
- 3.7.5 The evidence gathered identified the need for early engagement between the developer, Council and relevant authorities (such as the Environment Agency, Northamptonshire County Council and water company) to promote efficiency, help to understand the requirements for the site and identify a solution that meets the needs of the proposed development whilst operating within environmental limits.

Schools

- 3.7.6 The Scrutiny Panel noted that it is vital to continue to encourage development and try to ensure developments take place and developers are able to deliver viable schemes. The importance of partnership involvement in order to make this happen was realised. It was further realised that there is some capacity in secondary schools, but the increasingly steady growth in primary numbers means this will be an issue in the future.
- 3.7.7 The evidence gathered highlighted a major increase in inward migration. There is a requirement for more school places in Northampton.

Drainage/Water management Flood defences

- 3.7.8 The evidence collected identified that future developments need to be planned carefully so that they do not add to the pressures already on the water environment, i.e. flood water resources and increased volumes of sewage effluent that may lead to any compromise in water quality.
- 3.7.9 It was recognised that the funding of water and wastewater infrastructure identified, will be managed within the Water Industry Act 1991 and will not be required to form part of CIL provisions.

Western Power

- 3.7.10 The Scrutiny Panel highlighted that Western Power's infrastructure improvements are put in place through a cost supporting factor, which means that the customer is required to

pay a percentage of the cost of providing the infrastructure. This upgraded infrastructure cost via new load activity can be “clawed back” by subsequent users over a five year period.

Policing

- 3.7.11 The Scrutiny Panel noted that generally, small scale development can be absorbed within existing Policing resources but larger scale developments generate additional policing resource requirements.
- 3.7.12 The Police would welcome any opportunity to occupy shared spaces in public buildings.

Leisure

- 3.7.13 The Scrutiny Panel was pleased to note that all leisure facilities are well used, with most of the pitches and courts fully booked. However, some current leisure provision, such as that at the Lings Centre, which has a limited life span, will need to be reviewed in the next 5-10 years.

Primary Health Care

- 3.7.14 It was acknowledged that the Trust, East Midlands Ambulance Service (EMAS) is currently in the process of an estates restructure targeted at more efficient support to the public. Any funding from Section 106 and infrastructure projects will be used to support its on-going effects.
- 3.7.15 The evidence gathered identified that for large housing developments, Milton Keynes and Northamptonshire Primary Care Trust (PCT) would prefer a ‘turn key’ ready to occupy a health centre.
- 3.7.16 Location of new facilities should be planned to ensure connectivity within new and existing communities.

Funding gap

- 3.7.17 In noting the infrastructure funding gap of £439.6 million as identified in the Infrastructure Delivery Plan, the Scrutiny Panel concluded that infrastructure cannot be totally funded through Section 106 Agreements or Community Infrastructure Levy (CIL) and that other sources of funding are required.

Section 106 Agreements

- 3.7.18 Currently, Section 106 delivers contributions to strategic infrastructure requirements, as well as site specific requirements.
- 3.7.19 Section 106 is managed through the Section 106 Board and projects. The infrastructure is delivered through Northampton Borough Council or Northamptonshire County Council’s capital programme. S106 Agreements will still be used for on-site mitigation following the introduction of CIL.

Community Infrastructure Levy (CIL)

- 3.7.20 The Scrutiny Panel realised that although it was in no way anticipated that CIL will be adopted throughout the country, Section 106 arrangements will change in 2014, which will restrict the pooling of S106 agreements to five for any one type of infrastructure or infrastructure project. The advantage of CIL is that it allows flexibility on where it can be spent as it does not have to be in the same locality as the development.
- 3.7.21 The Scrutiny Panel acknowledged that a recent Government speech, January 2013, made it clearer as to the proposed level of meaningful proportion of CIL to be spent in the local area. Figures indicated a 15% levy, within Parished areas, up to £100 per existing household, with that percentage rising to 25% if there was a local neighbourhood plan has been adopted, with no upper cap. This was a much higher figure than had previously been anticipated.
- 3.7.22 The evidence gathered highlighted that determining and administering CIL needs to be a corporate exercise for the whole Council, not just planning services, with required adequate administrative support. The Scrutiny Panel emphasised that the process of introducing CIL needs to be properly resourced.
- 3.7.23 The Joint Planning Unit is looking at how CIL will be implemented across West Northamptonshire.
- 3.7.24 The Scrutiny Panel acknowledged that in order to deliver schools, CIL is the only realistic method to deliver secondary schools.

Affordable Housing

- 3.7.25 The evidence received alluded to a potential shortfall in affordable housing once CIL is introduced. This was of particular concern to the Scrutiny Panel because affordable housing provision is a Council priority. The Scrutiny Panel was concerned that the amount of affordable housing may fall.
- 3.7.26 The Scrutiny Panel realised that the demand for affordable housing is likely to increase. The Localism Act, the slow-down in new building, difficult economic climate and changes to Welfare Reform are likely to increase demand for all forms of affordable housing. If new affordable homes are not delivered, the Council may have to use expensive bed and breakfast accommodation and temporary accommodation.

4. Options

- 4.1 Cabinet will need to consider the possible options as part of its response to the recommendations.

5. Implications (including financial implications)

5.1 Policy

5.1.1 The work of Overview and Scrutiny plays a major part in the development of the Council's policy framework through its work programme.

5.1.2 The report and its recommendations have policy implications in relation to infrastructure requirements. Cabinet's response will need to consider these issues in detail.

5.2 Resources and Risk

5.2.1 Cabinet will need to consider the resourcing issues for the recommendations made.

5.3 Legal

5.3.1 Legal issues will need to be considered as part of Cabinet's response to the recommendations.

5.4 Equality

5.4.1 Equality issues will need to be considered as part of Cabinet's response to the recommendations.

5.5 Consultees (Internal and External)

5.5.1 The Committee consulted and took evidence from a variety of sources as detailed in paragraph 3.6 of this report.

6. Background Papers

- Overview and Scrutiny Committee Report – Infrastructure Requirements and Section 106 Agreements (May 2013)
- Minutes of the meeting of Overview and Scrutiny Committee – 10 June 2013

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