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To: Economic Development Cabinet Committee
21st September 2012

Subject: Development and Infrastructure: Creating Quality Places

Classification: Unrestricted

Summary:

Development and Infrastructure: Creating Quality Places is intended to replace the current KCC approach to securing funding for community infrastructure set out in KCC's Guide to Development Contributions and the provision of Community Infrastructure.

The revised approach sets out KCC's vision for growth and its partnership approach to secure funding for necessary community infrastructure to support housing growth across Kent through existing and proposed public funding sources and from the private sector.

The document also sets out the technical assessment process used in the Integrated Infrastructure and Finance Model (IIFM) which has been developed to identify the additional community infrastructure required as a consequence of forecast housing growth and an estimate of when this is required, its costs and available funding.

KCC has undertaken both an informal and formal consultation on the document and the main themes from the consultation exercise have been reported to the Development Contributions Cabinet Sub-Group and the Regeneration Board. The attached document incorporates agreed changes as a consequence of the consultation.

The intention is to submit the final document to Cabinet on 15th October.

1. Introduction

1.1. KCC has a long-standing commitment to ensuring that new housing growth is supported by new/enhanced community infrastructure to ensure quality of life for new and existing communities living in areas of housing development.

This includes:

- The publication in 2002 (updated 2007) of the current "KCC Guide to Development Contributions and the provision of Community Infrastructure.

- The publication in June 2003 of “Kent – What Price Growth” (WPG) which set out the approximate costs of community infrastructure to support the housing targets set by the former Government.
 - The publication in October 2009 of “Unlocking Kent’s Potential – Kent County Council’s framework for regeneration in which KCC pledged to update the work in WPG with a more robust assessment of the County’s needs and in particular the implications for KCC services.
- 1.2. WPG was produced in more economically buoyant times and in the context of a major expansion of Government expenditure. Today, economic circumstances are more fragile and Government funding for infrastructure has been substantially reduced. At the same time, the Government has made radical changes to the planning system including introduction of Community Infrastructure Levy (CIL), National Planning Policy Framework and the Localism Act.
 - 1.3. These changes have provided the backdrop for a radical review of our current approach to infrastructure provision. The revised approach is set out in the document “Development and Infrastructure: Creating Quality Places”. Part 1 of the document sets out KCC’s partnership approach for working with Districts, parish and town councils and the development industry in seeking funding to support delivery of necessary community infrastructure. Examples of how KCC works with Districts in this respect are outlined in section 3 of this report.
 - 1.4 The document also sets out in part 2, KCC’s technical assessment process used in the Integrated Infrastructure Finance Model (IIFM). The IIFM is a strategic modelling tool which has been developed by KCC to provide the evidence base to support the allocation of CIL receipts to fund KCC services. The development of the IIFM has drawn together key assumptions for assessing demand for and supply of KCC services ensuring that these are based on consistent and shared datasets and approach. KCC services included in the IIFM are Education (primary and secondary), Adult Social Care and Communities (Community Learning, Libraries and Archives and Integrated Youth Service).
 - 1.4. In overview the IIFM provides a framework for provision on a district by district basis, based on:
 - a) An estimate of the demand for school places, social care and community facilities that will be needed by people living in existing housing stock allocating any existing capacity to these people first;
 - b) An estimate of the net additional need arising from people who will live in new housing developments, taking into account any remaining surplus capacity in existing facilities for use by these people;
 - c) An estimate of capital and revenue cost of new infrastructure and when it is needed.

Appendix 1 provides an example of output from the IIFM.

2. Consultation Process

- 2.1. The consultation process on the document was undertaken in three phases:
- a) Phase 1 – an internal informal consultation within KCC to draft the initial consultation document. As part of this phase, SNR Denton was asked to critique the document including the approach and methodologies being used by KCC in service provision planning. Denton concluded that the model has produced a much more credible evidence base that is evident in the current guide and will provide a sound basis for inputting into forthcoming CIL Charging Schedules.
 - b) Phase 2 - an external informal consultation with key stakeholders (Kent Planning Officers Group, Kent Developers Group, Kent House Builders Group etc) involving presentations to meetings and circulation of the draft document.
 - c) Phase 3 – an external 12-week formal consultation with key stakeholders (Districts, Town and Parish Councils, Kent Developers and House Builders, Planning Consultants) and the public.
- 2.2. Overall, the document was well-received. Main themes emerging from the consultation document were reported to Development Contributions Cabinet Sub-Group and Regeneration Board in May alongside proposed changes to the final document. All consultees have been made aware of the agreed changes via email and a Consultation Statement has been posted on the KCC website.
- 2.3. The revised document is attached at Appendix 2.

3. Working with Districts

- 3.1 KCC has been very successful in securing development contributions, mainly through Section 106 Agreements. Since 2002, KCC has agreed (from April 2002 to June 2012) approximately £58m in contributions on developments of less than 500 houses, plus financial contributions, school sites and infrastructure on larger sites.
- 3.2 Much of this success is due to the working relationships we have with the Districts, particularly where viability is an issue. Examples of joint working to unlock development include:
- Land being reserved at Chilmington Green, Ashford for provision of community services. The intention is for co-location within a Community Hub type facility but if this is not possible, services would be in close proximity of each other to create a focal point for the community.

- Agreed a Deed of Variation at Westwood Cross, Thanet whereby the developer will directly deliver an on-site multi-purpose hub facility including dedicated space for adult social care, 8 wheelchair accessible homes with nomination rights for KCC, time limited free use of space by community learning and youth services, a 2FE primary school site plus additional financial contributions and a financial contribution to provide additional resources and expansion of Broadstairs Library.
- Secured an Adult Social Care Centre at Lowfield Street, Dartford as part of the Tesco development
- Ongoing discussions with Sevenoaks District Council regarding dual use of the Community Centre at Dunton Green
- Renegotiated phasing of development contributions for a hub facility at Martello Lakes, Leisure Centre, Shepway, also securing free use of the hub for youth services, and, wheelchair accessible housing as part of the affordable housing provision.

4. Next Steps

- 4.1. Outputs from the IIFM are already being used to inform District Local Development Framework documents, particularly their emerging Infrastructure Delivery Schedules. The outputs are also feeding into the joint work between KCC and Districts to provide District-specific prioritised investment schedules of community infrastructure projects. A key element of this work will be to review all projects identified in the IIFM alongside other KCC and District Infrastructure project requirements. This will also involve an assessment of current available funding for each project and how any identified funding gaps can be met.
- 4.2. To assist this work, KCC is developing a cash-flow modelling tool which forecasts likely returns from expected funding streams such as CIL, S106 and NHB set against the costs of infrastructure requirements. This work is at an early stage of development and as such is focused mainly on KCC infrastructure projects as these are most readily available. Going forward, the intention is to work with Districts to include all infrastructure requirements to provide a more comprehensive analysis of costs and funding. Appendix 3 provides example outputs from this model.
- 4.3. Depending on the outcome of this meeting, it is intended to report to Corporate Board (24th September) for consideration before submitting a final draft document to Cabinet on 15th October.

5. Recommendation

- 5.1 Members are recommended to confirm the revised framework and technical approach to securing funding for community infrastructure for submission to:

- a) Corporate Board – 24th September
- b) Cabinet – 15th October

5.2 Members are further recommended to note and give support to the next steps as outlined in section 4 of this report

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Background documents: None