

Local Plan Independent Examination

OPDC Response to Matter and Issue 3(b)

Matter 3(b): Whether the Plan would be effective in the light of doubts about funding of infrastructure (derived from the thirty-ninth Key Issue of table 5 of Key document 5 identified at Regulation 19(1) stage).

Notwithstanding the officers' response to the Key Issues and representations set out in Appendices E and J to Key Document 5, this Matter would benefit from a discussion at a hearing session.

OPDC response:

- 1.1. OPDC considers that the Local Plan is effective with respect to the funding of infrastructure requirements.
- 1.2. Policy SP10 sets out OPDC's strategic policy approach to the integrated delivery of development across the Local Plan period, while Policy DI1 sets out how OPDC will seek to secure delivery of necessary infrastructure as part of this. While the priority for securing this funding will be contributions from development, it is recognised that this alone will not be sufficient to fund all necessary infrastructure, as evidenced by the Development Infrastructure Funding Study (DIFS) (document SD57-Page 173).
- 1.3. It is not the role of the Local Plan to develop a clear cashflow funding model for all infrastructure delivery and in any event, this would not be possible, as the DIFS recognises. The DIFS covers infrastructure required to 2050 and acknowledges that planning for funding over such a long period is inherently uncertain particularly given that in many cases the infrastructure will not need to be funded until many years into the future. As outlined in the Policy DI1, and supporting text, OPDC are investigating many avenues for the funding of infrastructure to ensure that an over-reliance is not placed on developer contributions. The revenue sources for infrastructure as set out in the DIFS assumed "nil" funding from 'other' sources of funding (e.g. TfL and HS2) as well as "nil" from 'innovative funding and financing'. However, as the DIFS recognises, in its role as a Development Corporation, OPDC is actively engaged in identifying a variety of avenues for the funding of necessary infrastructure including 'other' and 'innovative' sources such as funding from the TfL business plan, HS2 and from other avenues such as enterprise zone business rate capture. For example, OPDC has successfully secured £250 million funding from the Government's Housing Infrastructure Fund (HIF) for £250 million. This funding will allow OPDC to deliver key infrastructure in the Old Oak North place to support development.
- 1.4. As set out in Policy SP10(c) OPDC will seek to secure development contributions which are fair and proportionate to support infrastructure delivery. In some cases, development may be required to deliver area wide infrastructure, such as new schools, by way of in-kind planning obligation. Where this is the case, the supporting text the Policy SP10 notes that

OPDC will seek to implement an equitable equalisation mechanism and/or retrospective pooling mechanism in order to fund this infrastructure. This will ensure that any development which benefits from this infrastructure will be required to contribute towards the cost of its provision, so that the entire cost not placed upon the developer who is delivering the infrastructure upfront.

- 1.5. It is also worth pointing out that in its 'Developer contributions reform: technical consultation' (December 2018) the Government proposes to remove the restrictions on planning obligations that are set out in regulation 123 of the CIL Regulations 2010, i.e. the removal of pooling restrictions and no use of section 106 obligations where the infrastructure is on the regulation 123 list. If these proposals become enacted into law OPDC will have much more flexibility as to how it funds infrastructure using a mix of CIL and section 106 agreement obligations.
- 1.6. As set out in the supporting text to Policy DI1, OPDC will balance policy priorities with the need to ensure deliverability of development to secure the timely regeneration of the area. In order to make it clear that undertaking this balancing exercise will not result in unsustainable development wording has been included in the supporting text (at paragraph 11.3) to clarify that any balance of these issues would still need to ensure that development is sustainable and upholds the principles of sustainable development set out in the National Planning Policy Framework.
- 1.7. Policy DI1 notes that OPDC will work with developers and infrastructure providers to establish commercial opportunities for private sector operators or public authorities to deliver infrastructure. For example, this may include energy service companies (ESCOs) being set up to invest in new energy facilities. OPDC is also working closely with High Speed 2 Ltd to explore opportunities for how infrastructure being delivered in the area as part of HS2 construction works may support development identified in OPDC's Local Plan. As set out in Policy TCC6, new sport and leisure facilities can be delivered on a commercial basis, with provision secured for public concessions access through planning obligations.
- 1.8. The Local Plan is supported by Key Performance Indicators (document KD24) which will monitor the delivery of policies, including those related to infrastructure delivery. Specifically a KPI is proposed which states as follows: "Delivering infrastructure in accordance with the identified timescales in the Infrastructure Delivery Plan (IDP)" (KPI IDI-2) If this monitoring shows OPDC's policies are not being achieved, OPDC will look to undertake a review of the Local Plan. Following representations to the Regulation 19 consultation, text has been added to the supporting text paragraph 3.94 for Policy SP10 identifying that decisions not to proceed with the delivery of key pieces of critical infrastructure, required to enable the attainment of homes and jobs targets, would trigger a need for a review of OPDC's Local Plan policies. OPDC is also committed to updating the Infrastructure Delivery Plan (IDP) on annual basis, which will help capture the increase certainty on funding and timescales as development progresses. The monitoring of the plan via this KPI (amongst others) will ensure that, if necessary, the Plan is updated so that it remains deliverable as regards infrastructure delivery over the whole plan period. This ensures that it will be effective in this regard.
- 1.9. To further demonstrate that the plan is effective in light of doubts about funding of infrastructure, officers propose to include an additional Key Performance Indicator to monitor the amount of funding secured for the delivery of infrastructure, include funding from both development contributions and other sources. The details will be based on an annual Infrastructure Funding Statement which is set to be a requirement for all local planning authorities as part the Government's previously mentioned proposed amendments to CIL regulations.