

Principles for Funding Infrastructure to Support Growth

(Extract from Report to Cabinet 25 November 2022)

Proposed Approach to Managing Existing Capital Highway Infrastructure Projects

1. The funding provided by the Council for Highways schemes is provided on the basis of forward funding in accordance with the Council's funding strategies. The Council's medium and longer term financial strategies are only sustainable if this funding is recovered. A list of existing capital infrastructure schemes is provided in the Appendix and recovery of this funding with the support of the local planning authority to achieve this is required.
2. Where the Council seeks contributions from multiple developers in Area Strategies (jointly agreed strategies for specific areas), it will collect the full costs associated with highways, schools and some community infrastructure.
3. The Council will ensure that infrastructure delivery costs are reviewed regularly, and that inflation is applied to any cost estimates from the date that the Area Strategy is developed, not from when the relevant s106 agreement is completed.
4. The justification, costs and methodology for assessing contributions will be updated and added to the Council's website as appropriate.

Proposed Approach to Managing Future Capital Infrastructure Projects

5. In order to address the significant challenge of funding infrastructure to support growth it is proposed that:
 - The presumption is that approved developments will cover the costs of all necessary infrastructure, set out by planning condition.
 - Where this cannot be achieved as a result of cumulative development, the Council will collate contributions.
 - However, the Council will not fund the delivery of schemes until sufficient contributions are secured.
 - Where funding gaps exist, developers and local planning authorities will seek contributions from third parties (including funding organisations, i.e. relevant Government departments).
 - The Council will lead and support as necessary such requests where appropriate, for example funding bids to the DfT. External funding would be required for any match funding or significant bid development costs.

- It is recognised that if the Council prioritises education contributions and delivery of additional school places due to its statutory duty, it may at times be necessary to delay delivery of highway infrastructure, meaning that the Council could in principle accept a deterioration in conditions before infrastructure is delivered. In addition, in prioritising the delivery of education infrastructure, the Council may accept a permanent deterioration in conditions if it is not financially viable to deliver the highways mitigation. However this will not apply to infrastructure and improvements required to address severe safety impacts arising from development.
- Where the Council considers that the overall viability of the plan or development will not allow sufficient mitigation of its impacts and prospect of external funding is low, it may object to its adoption.

Strategic Planning and Supporting the Development of District Council Local Plans

6. In respect of the development of Local Plans, district councils will be encouraged to:
 - Engage with the County Council at an early stage including sharing evidence bases, disclosing key policies which will pertain to Council infrastructure delivery and specifically the development of infrastructure delivery policies.
 - Share appropriate viability assessments for new Local Plans and key developments identified within Local Plans at the earliest opportunity to enable the County Council to plan effectively for infrastructure requirements.
 - Share masterplan documentation which provides detailed proposals in respect of the requirements for County Council infrastructure.
 - Where practicable align with the County Council's Net Zero commitments.
7. The Council will formally request that district council Local Plans identify the need for forward funding of those schemes listed in the Appendix and the principle of contribution strategies that minimise financial risk and increase overall scheme viability. It will use the requirement of the Local Plan "duty to co-operate" provisions to ensure that its requirements regarding forward funding are properly recorded and where necessary included in any required Statements of Common Ground.
8. The Council will also require in regard to any major development proposals that district councils have in place robust provisions relating to the recovery of infrastructure costs via Supplementary Planning Documents, where appropriate.

9. In the absence of any sufficient Local Plan provision and or Supplementary Planning Documents a report will be presented to the Cabinet setting out the need for County Council infrastructure and the proposed approach to fund that scheme through an effective developer contributions strategy.

Managing Financial Risk

10. In order to better manage the risks arising from cost uncertainty, the Council will request updated costs from contractors and developers and review these at appropriate, regular frequencies.
11. The Council may enter into financial Contribution Strategies (agreements between developers, funders and the Council) where they accurately reflect the funding requirements for Council Infrastructure, both in terms of full funding and also short-term forward funding models.
12. The Council will regularly review its position following the publication of governmental guidance, including any changes to the Levelling-up and Regeneration Bill and the Planning and Infrastructure Bill, and subsequent legislation.
13. The Council will review its commitments as set out in the Capital Programme each year.

This page is intentionally left blank