

# Torbay Council

## Infrastructure Delivery Study (Volume 1)

### Executive Summary





## 1 Executive Summary

1.1.1 Baker Associates were commissioned to prepare two documents to provide Torbay Council with an evidence base to support its planning policies on infrastructure and developer contributions. Since the start of the project Baker Associates merged with Roger Tym & Partners and Peter Brett LLP, and are now jointly involved with production of this study. The two documents produced include:

- Volume 1: The first document, and the subject of this report, is the Infrastructure Delivery Study, which sets out requirements, phasing and costs and funding of infrastructure.
- Volume 2: This is supported by a separate viability assessment which seeks to set out the implications of differing levels of viability for a variety of types of developments and locations, and how this might support a Community Infrastructure Levy.

1.1.2 Communities and Local Government (CLG) emphasises that Local Development Frameworks (LDFs) have to demonstrate the means of their implementation, with the policy position that they cannot be considered sound unless this is the case. Identifying the means of delivering the infrastructure required is part of the process of demonstrating that the LDF is deliverable.

1.1.3 The objective is to examine emerging development options to accommodate potential Core Strategy residential and employment growth. Specifically, the Infrastructure Delivery Study has sought to:

- highlight infrastructure capacity issues and existing capacity where possible, through the review of existing information and consultation with stakeholders;
- identify the infrastructure impacts of additional development in generic and location specific terms for main settlements and District basis;
- illustrate the net infrastructure impact of new development and provide information on the indicative cost of infrastructure;
- identify public funding mechanisms and responsibility for delivery;
- identify the potential scope and charge for the for Community Infrastructure Levy through developer viability assessments of residential and non residential development (work presented in Volume 2);
- produce infrastructure delivery summaries. This output is considered to be the crucial element of the study, as it draws together evidence and identifies infrastructure funding shortfalls.

1.1.4 The study represents a snap shot in time and uses information available at the time of writing, the strength of the study has been the engagement with infrastructure and community service providers to obtain first hand views on requirements. The study examines likely levels of developer contributions

and we have taken a cautious view given the current economic climate and uncertainty surrounding the housing market and wider economy at this time. The Infrastructure Delivery Study is intended to assist in the development of the LDF Core Strategy, but is not a development plan document in itself and doesn't represent Council policy.

- 1.1.5 The accompanying Volume 2 (Viability Report) provides the basis to enable the Council to develop their Local Development Framework Core Strategy and the development of a consistent approach to collect developer contributions via the Community Infrastructure Levy (CIL). The Infrastructure Delivery Study has examined physical, social and green infrastructure, including the following categories:

#### *Physical Infrastructure*

- Transport and access
- Energy generation supply and distribution
- Water infrastructure
- Household waste and recycling collection
- Telecommunications

#### *Social and Community Infrastructure*

- Education
- Health
- Community - including libraries and faith
- Emergency - including police, fire and ambulance
- Recreation

#### *Green Infrastructure*

- Open space and green infrastructure

- 1.1.6 The study has identified what is meant by infrastructure for each type, examined approaches to the identification of infrastructure requirements, provided context and support evidence where available and established costs, potential funding sources and delivery issues.

#### *Employment Infrastructure*

- 1.1.7 This study has sought to identify the infrastructure needs, such as highway improvements, needed to deliver improved prospects. The completion of the recently approved South Devon Link Road will be a major boost for Torbay's economy. Similarly, capacity improvements needed to implement the level of homes and jobs identified in the Draft Core Strategy, have been included in the assessment of the cost of the Western Corridor. There are several projections of Torbay's capacity for job-creation over the plan period, most recently from the Regional Observatory (2011). These projections indicate

that Torbay's employment is likely to come from a variety of sources, including tourism, services, health care, construction and business services. It is therefore a reasonable working assumption that energy or water supply constraints will not be a major problem to new employment. Like almost all the county, Torbay has good access to broadband. However the aspiration for superfast broadband connectivity is noted.

- 1.1.8 This study has not been able to carry out a detailed assessment of the costs of servicing employment sites, or the level of funding likely to be required to render them viable, as this would go considerably beyond the project brief. However, Volume 2 has tested non-residential viability assumptions and indicated that employment land residual values would not support a CIL and are more likely to require some form of grant support or enabling development. As a bench mark of the level of costs involved, the Torbay Development Agency have indicated that servicing of the site and junction improvements at Claylands, Paignton is expected to be in the region of £1.7 Million. Whilst the costs of unlocking development have not been included in the "infrastructure shortfalls", they are something that will need to be borne in mind when considering the deliverability of employment policies and may qualify for CIL or grant funding.

## 1.2 Conclusions

- 1.2.1 Overall the study has identified a total cost of Infrastructure of approximately £262 million. It is important to note at present only £102 million of funding has currently been secured or identified e.g. through funding bids. The remaining shortfall of £160 million could be reduced through future public funding streams and future developer contributions which will need the introduction of appropriate mechanisms such as the Community Infrastructure Levy (CIL). Table 1.2.1 illustrates the overall findings:

**Table 1.2.1: Overall Funding Trajectory**

Infrastructure Funding Trajectory 2010 – 2031 £ (millions)					
	2010-2015	2016-2020	2021-2025	2026-2031	2010-2031
Brixham	350,000	1,465,000	10,000,000	-	11,815,000
Brixham (Fringe)	510,000	-	25,000	-	535,000
Brixham (Town Centre)	-	-	25,000	-	25,000
<b>Brixham Total</b>	860,000	1,465,000	10,050,000	-	12,375,000
Paignton	1,595,000	150,000	-	4,500,000	6,320,000
Paignton (Totnes Road)	-	4,500,000	1,425,000	-	5,925,000
Paignton (Town Centre)	-	-	50,000	-	50,000
Paignton (West)	-	4,500,000	75,000	1,300,000	5,875,000
<b>Paignton Total</b>	1,595,000	9,150,000	1,550,000	5,800,000	18,170,000
Torquay	16,400,000	725,000	6,500,000	25,000,000	48,625,000
Torquay (Babbacombe/St Marychurch)	-	4,500,000	75,000	-	4,575,000
Torquay (Gateway)	-	1,300,000	4,550,000	-	5,850,000

Torquay (Town Centre/Harbourside)	1,200,000	-	75,000	-	1,275,000
<b>Torquay Total</b>	<b>17,600,000</b>	<b>6,525,000</b>	<b>11,200,000</b>	<b>25,000,000</b>	<b>60,325,000</b>
District Wide	18,245,000	114,260,000	37,420,000	1,730,000	171,655,000
<b>TOTAL COST</b>	<b>38,300,000</b>	<b>131,400,000</b>	<b>60,220,000</b>	<b>32,530,000</b>	<b>262,525,000</b>
Public Funding/Bids	11,885,000	90,000,000	30,000	-	101,915,000
Private Funding	-	-	-	-	-
<b>OVERALL SHORTFALL</b>	<b>26,415,000</b>	<b>41,400,000</b>	<b>60,190,000</b>	<b>32,530,000</b>	<b>160,610,000</b>

- 1.2.2 Table 1.2.1 illustrates funding shortfall in all time periods. The funding shortfall for 2010-2015 is £26.4 million, but increases to £41.4 million in 2016-2020 and further still to £60.1 million by 2021-2025. After this time the shortfall decreases to £32.5 million.

### 1.3 Critical Infrastructure

- 1.3.1 Baker Associates have worked with Stakeholders to identify as many Infrastructure Requirements as possible. To ensure delivery it is important that critical infrastructure is provided and to this end we have sought views on what infrastructure is the highest priority. Ultimately the view on what constitutes critical infrastructure is one to be taken by the Council. See appendix 3 for Critical Infrastructure Schedule.
- 1.3.2 To assist in this process we have identify what we consider to be critical for delivery of the Core Strategy. This generally relates to Physical infrastructure such as transport, flood prevention and utilities, including gas, electricity and water/sewerage due to its fundamental enabling nature. It is important to note that the large majority of requires identify are considered necessary to support growth and create sustainable communities.

**Table 1.3.1: Critical Funding Trajectory**

Infrastructure Funding Trajectory 2010 – 2031 £ (millions)					
	<b>2010-2015</b>	<b>2016-2020</b>	<b>2021-2025</b>	<b>2026-2031</b>	<b>2010-2031</b>
Brixham	300,000	-	10,000,000	-	10,300,000
Brixham (Fringe)	-	-	-	-	-
Brixham (Town Centre)	-	-	-	-	-
<b>Brixham Total</b>	<b>300,000</b>	<b>-</b>	<b>10,000,000</b>	<b>-</b>	<b>10,300,000</b>
Paignton	425,000	-	-	-	-
Paignton (Totnes Road)	-	-	-	-	-
Paignton (Town Centre)	-	-	-	-	-
Paignton (West)	£0*	-	-	-	-
<b>Paignton Total</b>	<b>425,000*</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>425,000</b>
Torquay	16,280,000	-	-	-	16,280,000
Torquay (Babbacombe/St	-	-	-	-	-



Marychurch)					
Torquay (Gateway)	£0*	-	-	-	£0*
Torquay (Town Centre/Harbourside)	-	-	-	-	-
<b>Torquay Total</b>	16,280,000*	-	-	-	16,280,000
District Wide	12,100,000	110,000,000	-	-	122,100,000
<b>TOTAL COST</b>	29,105,000	110,000,000	10,000,000		149,105,000
Public Funding/Bids	6,975,000	90,000,000	£0	-	96,975,000
Private Funding	-	-	-	-	-
<b>OVERALL SHORTFALL</b>	22,130,000	20,000,000	10,000,000	-	52,130,000
*£0 unknown costs include: New Trunk Sewer (Paignton West) and Buckland Sewage Treatment Works upgrade (Torquay Gateway)					

1.3.3 Table 1.3.1 illustrates that all three settlements have specific infrastructure schemes considered critical to delivery over the plan period. The most significant are district wide schemes, including the South West Devon Link Road and other requirement identified to support development at Torquay. Overall the critical Infrastructure funding shortfall is approximately £52 Million, with specific shortfalls in the first three time periods. Importantly the shortfall for the first 5 years is approximately £22 million.

## 1.4 Delivery in the first 5 years

1.4.1 Infrastructure Planning is constantly evolving and the further into the future you look the more difficult it is to identify requirements, costs and funding mechanisms. Crucial to the delivery of the Core Strategy is delivery within the first 5 years. The planning inspectorate has made it clear that Infrastructure delivery plans need to take a pragmatic view towards delivery. Table 1.4.1 below sets out both critical and necessary/desirable infrastructure within the first five years:

**Table 1.4.1: First Five Years Funding Trajectory**

Infrastructure Funding Trajectory 2010 – 2015 £ (millions)		
	<b>Critical</b>	<b>Necessary/Desirable</b>
Brixham	300,000	50,000
Brixham (Fringe)	-	510,000
Brixham (Town Centre)	-	-
<b>Brixham Total</b>	300,000	560,000
Paignton	425,000	1,170,000*
Paignton (Totnes Road)	-	
Paignton (Town Centre)	-	
Paignton (West)	£0*	-
<b>Paignton Total</b>	425,000*	1,170,000
Torquay	16,280,000	120,000
Torquay (Babbacombe/St Marychurch)	-	
Torquay (Gateway)	£0*	
Torquay (Town Centre/Harbourside)	-	1,200,000
<b>Torquay Total</b>	16,280,000*	1,320,000
District Wide	12,100,000	6,145,000
<b>2010-2015 TOTAL COST</b>	29,105,000	9,195,000

Public Funding/Bids	6,975,000	4,910,000
Private Funding	-	-
<b>2010-2015 SHORTFALL</b>	<b>22,130,000</b>	<b>4,285,000</b>
*£0 unknown costs include: New Trunk Sewer (Paignton West) and Buckland Sewage Treatment Works upgrade (Torquay Gateway)		

1.4.2 Table 1.4.1 illustrates that within the first five years. There is a shortfall for critical infrastructure of approximately £22m and a shortfall of approximately £4.2m for necessary and desirable infrastructure.

## 1.5 Addressing the funding shortfall?

1.5.1 At present limited secured public funding has been identified. It is important that now that infrastructure requirements have been identified public funding avenues are rigorously pursued. Public funding streams will be available over the 2010-2031 period and new rounds of funding and new sources of public funding will become available for assist infrastructure delivery. Section 7 of the study has considered a wide variety of funding sources in section 7. Torbay Council will have to consider the use of these sources, including prudential borrowing, user chargers and the new homes bonus to potentially reduce the funding shortfall.

1.5.2 Section 8 examines developer contributions and identifies that this funding sources could potentially contribute a significant amount of funding toward infrastructure delivery. Even though in the current economic climate, contributions from this source are likely to be nominal, the long term potential is considerable. The slow down should be seen as an opportunity for the Council to formulate a comprehensive approach to securing developer contributions via the community Infrastructure Levy.

1.5.3 The Development Viability work provided an initial assessment of how much funding could be secured over the plan period. A total of £29.76 million from residential development and £3.36 million from retail development was considered a realistic level of funding assuming the market recovers.

1.5.4 The Community Infrastructure Levy is likely to generate £6.66 million in the first five years followed by £9.6 Million in 2015-2020 and 13.5 Million 2020-2025. This level of funding from residential development could potentially reduce the funding shortfall to £19.5 million in the first five years. Overall it is considered that the community Infrastructure will be a value funding stream in the future.

### *The impact of affordable housing*

1.5.5 Within the residual valuations we have assumed that affordable housing will be provided at 30%. To increase the potential contributions towards infrastructure from development, Torbay could consider a lower level of provision, especially in the earlier years of delivery when developer contributions are already very low. This approach will help secure infrastructure but will ultimately be a trade off between the objectives of



increased affordable housing provision and providing infrastructure requirements.

### *Spatial Priorities and Delayed Infrastructure Phasing*

- 1.5.6 Financial resources will rarely meet all the identified needs for infrastructure and there will inevitably be a requirement to phase and prioritise projects across an area. As a result, it is recommended that a qualitative framework and a decision-making body will need to be defined to prioritise between settlements, sub areas and individual projects required to support development.
- 1.5.7 Considerations that could form the basis for prioritisation criteria include:
- 1.5.8 As collectors of developer contributions and custodians of relevant policy, it is likely that Torbay Council will need to promote a corporate prioritisation process as the demand on CIL and S106 increases. A framework for prioritisation will need to operate taking account of three main elements:
- Prioritisation will need to reflect the intended spatial pattern of growth and be presented so that the infrastructure requirements for each settlement and particular development areas. In this context, infrastructure related to strategic growth locations that are programmed to come forward in the first five or ten years of the plan period are likely to form the initial focus for investment.
  - Prioritisation between types of infrastructure (where funding is not ring fenced to certain types of investment) - Clearly, a balance needs to be struck between different types of infrastructure needed to make viable places aligned to government thinking on sustainable development. There may well be tensions between competing objectives
  - Prioritising infrastructure within the phasing trajectory, so that infrastructure is provided slightly later than desired is considered a potential solution towards trajectory funding issues. Community infrastructure in particular could potentially be delayed to assist in the smooth delivery of development and associated strategic infrastructure. It is considered that critical and Necessary infrastructure should be prioritised over desirable infrastructure in terms of funding and delivery.
- 1.5.9 It is considered that this process must involve, local authority officers, infrastructure stakeholders and ultimately elected members. The study has sought to categorise infrastructure schemes as critical, necessary and desirable to support sustainable development and could form the basis of an approach to prioritisation Torbay Council may follow.



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