

Gloucester, Cheltenham and
Tewkesbury Councils
JCS Infrastructure Delivery Plans
Infrastructure Funding Gap Analysis

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This report takes into account the particular instructions and requirements of our client.

It is not intended for and should not be relied upon by any third party and no responsibility is undertaken to any third party.

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1 Funding Gap Commentary

1.1 Introduction

This report focusses on providing an update to the ‘funding gap’ as presented within the original IDP in 2014.

The note has emerged following a request by the Inspector and sets out the evolution of infrastructure delivery planning across the JCS authority from the initial benchmark-based assessment and identification of routes to delivery in the 2014 Infrastructure Delivery Plan (IDP) to a confirmed position and prioritisation of infrastructure delivery in 2016 (for at least the first 5 years), informed by consultation with infrastructure providers and site promoters.

It is important to note from the outset that infrastructure planning in support of plan preparation is an iterative process and it is only due to the progressed nature of many of the Strategic Allocations that such confidence around infrastructure within the first five years of the plan can be given (see Section 3). The initial funding gap narrative was presented based on the results of benchmark analysis and very early consultation with key service providers in relation to priority projects and aspirations. At the stage of this original consultation many service providers identified aspirational projects which had no formal status of funding commitment.

1.2 Background

Infrastructure planning work in support of the JCS preparation began in 2012 and provided a strategic view on the likely infrastructure requirements based on established benchmark standards and consultation with key service providers.

The IDP was subsequently updated in 2014 to reflect the aims and objectives set out in the draft JCS (October 2013) and based on a revised OAN of 33,200 new homes. The 2014 IDP set a strategic level assessment of infrastructure need in line with Planning Practice Guidance¹ which outlines that IDP’s need to take a pragmatic view towards delivery, crucial to this is a focus on delivery in the first five years, as well as critical infrastructure.

Benchmark standards therefore formed the primary method for estimating likely infrastructure need and costs along with the results of engagement between the JCS authorities and infrastructure providers where such benchmarks do not exist (e.g. transport, flood risk and utilities infrastructure). Where projects emerged through consultation, the IDP sought to identify an estimated cost and any associated funding which had been secured. Given the early stage nature of the document it must be stressed that many of the projects were aspirational and had not undergone any detailed design or feasibility work. Costs developed were

¹ Preparing a Local Plan – Planning Practice Guidance – Paragraph 18. Reference ID 12-018-20140306.

therefore high level estimates based on benchmark allowances for similar types of project.

Taking these benchmark costs and reviewing projects identified by service providers, the 2014 IDP Executive Summary (Page 16) estimated a total infrastructure cost within the JCS area of £813.6m and an estimated funding gap (i.e. infrastructure where funding was not secured or identified at that time) in excess of £741m.

In order to identify the infrastructure components that are of most importance, the various infrastructure sectors and specific projects within them are defined as either critical, essential or desirable infrastructure. This approach is used to identify infrastructure of most importance to the delivery of the Strategic Allocations, particularly in the early phases of the development (e.g. first five years).

- **Critical Infrastructure:** Sectors and projects that the IDP has identified which must happen to enable the delivery of growth within the JCS area.
- **Essential Infrastructure:** Sectors and projects that are required if growth is to be achieved in a timely and sustainable manner.
- **Desirable Infrastructure:** Sectors and projects that are required for sustainable growth but are unlikely to prevent development in the short to medium term.

Approximately 90 projects emerged through the 2014 process and these were logged in the JCS IDP Project Tracker. Of those identified critical infrastructure only accounted for approximately £73 million (excluding the 'missing link' highway project which had an estimated cost of £350 million and is no longer a critical project considered to be required to support the growth set out in the plan). The majority of projects and costs were identified within the desirable category and therefore non-critical to the delivery of planned growth. Certain proportions of this essential and desirable infrastructure would fall to developers as sites were brought forward (e.g. education and community facilities) as shown in Section 3.

The assessment made in 2014 should therefore be read as a snap shot of estimated cost at a particular time with optimism bias applied². Projects and associated costs have changed during subsequent reviews and as the priorities of service provider's change.

1.3 2016 Infrastructure Delivery Position

In order to give greater clarity around deliverability of planned growth, and better understand the infrastructure requirements of the first five years of the plan, the JCS Councils have carried out consultation with site promoters and developers leading to the preparation of Statements of Common Ground (SoCGs) and

² There is a tendency for project promoters to be overly optimistic. To redress this tendency appraisers should make explicit, empirically based adjustments to the estimates of a project's costs, benefits, and duration. Optimism bias standards have been applied to capital cost estimates within the IDP.

Position Statements for each of the 8 proposed Strategic Allocations. More recently (August / September 2016), the JCS have considered a further five proposed Strategic Allocations following recommendations from the Inspector. Position Statements for these additional sites have been produced, and are available as part of the Examination Library.

It should be noted that these statements act as addenda to the 2014 IDP, which should be used solely for setting the context to the infrastructure delivery process and any reporting of cost figures in the 2014 IDP is now outdated.

These statements draw upon a number of resources including planning application supporting material and detailed discussions with the site promoters and service providers. The statements set out the infrastructure requirements of major developments and how gaps in infrastructure provision or funding will be met. In summary, for the first five years of the development plan, infrastructure requirements are likely to be fulfilled through planning obligations and therefore the infrastructure cost is incurred by the developer for each site allocation. A summary of infrastructure needs and how funding is expected to be secured is set out for each site in the table below.

Table 7.1 Summary of Critical Infrastructure Need

Infrastructure Need	Cost (if defined)	Finance / Funding	Notes
SA1 Innsworth			
Site enabling works such as new junctions to be implemented circa 2018/19	Unknown (Cost to developer)	Direct – Developer funded	
Two form entry primary school	Unknown (Cost to developer)	Direct – Developer funded	To be provided onsite by developer
Offsite contributions for secondary schooling	£4,447,487 (GCC 12/8/16)	Contribution – Developer funded	S106 contribution
SA3 South Churchdown			
Site enabling works such as new junctions to be implemented circa 2017/18	Unknown (Cost to developer)	Direct – Developer funded	
Offsite contributions for primary and secondary schooling	Yet to be defined	Contribution – Developer funded	S106 contribution
Land provided on site for GP provision	Unknown (Cost to developer)	Direct – Developer providing land	To be provided onsite by developer
SA4 North Brockworth			
Site enabling works such as new junctions to be implemented circa 2017/18	Unknown (Cost to developer)	Direct – Developer funded	
Wider improvement works to the C&G Roundabout	£202,500	Contribution – Developer Funded	Agreed in S106 with GCC. Delivery of improvements estimated for 2025
Primary Schooling – on-site provision or offsite contribution (TBC)	£3,893,085	Direct / Contribution – Developer Funded	
Offsite contribution for secondary Schooling	£2,743,200	Contribution – Developer Funded	
New healthcare facility to be provided on site	Unknown (Cost to developer)	Direct – Developer Funded	Delivery programmed for 2020

Infrastructure Need	Cost (if defined)	Finance / Funding	Notes
New sports and recreational facilities provided on site	Unknown (Cost to developer)	Direct – Developer Funded	
<i>SA5 North West Cheltenham</i>			
Site enabling works such as new junctions to be implemented circa 2017 to 2021	Unknown (Cost to developer)	Direct – Developer Funded	
Wider highways improvements to Tewkesbury Road	£4,500,000	Contribution – Developer Funded through S278 Agreement	Implementation of works likely to be beyond first five years
Primary and Secondary school provision on site	Unknown (Cost to developer)	Direct – Developer Funded	
GP and dental surgeries to be provided on site	Unknown (Cost to developer)	Direct – Developer Funded	
Two community centres to be provided on site	Unknown (Cost to developer)	Direct – Developer Funded	
<i>SA6 Leckhampton</i>			
Site enabling works such as new junctions to be implemented circa 2016/17 and improvements to wider junctions	Approx. £600,000	Direct – Developer Funded	Contribution set out in S106 Draft Heads of Terms
Primary school – land to be provided on site. Developer to either construct or provide contribution	£3,640,000	Direct / Contribution – Developer Funded	Contribution set out in S106 Draft Heads of Terms
Secondary Education Contribution	£1,738,620	Contribution – Developer Funded	
Land for GP surgery to be provided on site	Unknown (Cost to developer)	Direct – Developer providing land	
<i>SA8 MOD Ashchurch</i>			
Site enabling works including new junctions	Unknown (Cost to developer)	Direct – Developer Funded	

Infrastructure Need	Cost (if defined)	Finance / Funding	Notes
Primary school included in masterplan / provided on site	Unknown (Cost to developer)	Direct – Developer Funded	Provision likely to be beyond first five years
Healthcare centre to be included on site.	Unknown (Cost to developer)	Direct – Developer providing land	Implementation of facilities likely to be beyond first five years
SA9 Ashchurch			
Site enabling works including junctions to be provided from 2017	Unknown (Cost to developer)	Direct – Developer Funded	
Improvements to walking and cycling provision	Yet to be defined	Contributions – Developer Funded	To be secured via planning obligation
Town Centre Initiatives Contribution	£1,200,000	Contribution – Developer Funded	
Additional Sites			
Winnycroft			
Site enabling works such as new junctions	Unknown (Cost to developer)	Direct – Developer Funded	
Strategic highways improvements	Approx. £200,000	Contribution – Developer Funded	Consultation response to application recommends a series of strategic highways improvements (GCC 29/5/16)
Off-site contributions towards pre-school, primary and secondary education	£340,000 (pre-school) £1,227,660 (primary) £1,123,416 (secondary)	Contribution – Developer Funded	Consultation response to application recommends offsite contributions (GCC 3/11/14)
West Cheltenham			
Site enabling works including new junctions	Unknown (Cost to developer)	Direct – Developer Funded	

Infrastructure Need	Cost (if defined)	Finance / Funding	Notes
Education	Yet to be defined	Contribution - Developer Funded	The developer recognises that planning obligations are likely to include contributions towards education.
<i>Twigworth</i>			
Site enabling works including new access from A38	Unknown (Cost to developer)	Direct – Developer Funded	
Financial contribution towards strategic highways improvements	Yet to be defined	Contribution – Developer funded	
Onsite primary school and day nursery	Unknown (Cost to developer)	Direct – Developer Funded	
Offsite secondary school provision	£2,049,720	Contribution – Developer Funded	
<i>Fiddington</i>			
Site enabling works such as new junctions	Unknown (Cost to developer)	Direct – Developer Funded	
Primary school to be provided onsite	Unknown (Cost to developer)	Direct – Developer Funded	
Offsite contribution towards secondary education	Yet to be defined	Contribution – Developer Funded	To be defined upon progression to planning application
<i>Mitton</i>			
Site enabling works including new junctions	Unknown (Cost to developer)	Direct – Developer Funded	
Primary school to be provided onsite	Unknown (Cost to developer)	Direct – Developer Funded	

The detailed analysis with site promoters and service providers has identified that the majority of infrastructure costs are to be met by the developer, as demonstrated in the Table above. The exceptions identified through the consultation largely relate to wider strategic works (flood defence and highways works) required to mitigate growth or future proof infrastructure in response to growth.

Strategic Flood Projects

Through liaison with the Environment Agency, no strategic flood alleviation projects have been identified which are required in order to facilitate the delivery of Strategic Allocations.

Developers on a number of the sites are aware of the flood risk constraints and have taken / will need to take the necessary steps to ensure development is located outside of the floodplain and/or flood storage betterment is provided. Any such betterment will be a cost to the developer.

Strategic Highways

Strategic Highways improvements required to support the growth set out in the JCS is reported through the emerging JCS transport strategy document. Due to the detailed nature of this work, it is not repeated here.

There are a number of potential sources of public sector funding that could be explored to help meet the investment needs relating to strategic highways improvements, these include:

- Local Enterprise Partnership Local Growth Fund – Capital funding available via GFirst to support infrastructure schemes that directly result in economic growth/jobs growth.
- Revolving Infrastructure Funds – Locally retained business rates re-invested into local capital improvements.
- Homes and Communities Agency – Multiple capital pots to support investment in infrastructure required to deliver large housing sites, particularly those with a large affordable and/or starter home component.
- Highways England – Route improvement investment to improve capacity and journey time reliability on the strategic road network.
- Network Rail – Capacity improvements of rail and rail station infrastructure to support growth.

1.4 Summary

All those infrastructure projects that have been prioritised as ‘critical’, with the exception of strategic transport issues, will be directly provided by developers or funds made available to the infrastructure provider through planning obligations.

Where a Site Allocation is still within the planning determination process, timing and revised costs for infrastructure can be agreed between the Councils,

infrastructure providers and site promoters. Infrastructure issues for those Site Allocations at a less advanced stage will be addressed in the detailed master planning of sites and through the pre-application and planning application processes. These issues are unlikely to arise within the first five years of the plan period.

Through a process of infrastructure prioritisation, assessment of funding options and management of the routes and risks to implementation, the JCS authorities have reduced the funding gap identified in the 2014 IDP to a more reasonable level of approximately £73 million for critical infrastructure and can effectively manage infrastructure projects in order to achieve the growth set out in the Joint Core Strategy. The position statements, developed with site promoters give confidence that the infrastructure required to deliver the Strategic Allocations can be achieved for at least the first five years of the plan and largely through developer contribution or via projects being directly developer funded.