

Summary: 17 January 2013

Infrastructure: A driver not a drag

1. Introduction by Keith Mitchell

Infrastructure requirements were often seen as a burden on regeneration, constraining viability and frustrating delivery. There was a strong case for taking a new view of how infrastructure could support growth and change. It should be guided by a framework that had flexibility both for the developer and the community. Funding through the community infrastructure levy and public private funding devices were still constrained by the perception that there was no scope for “money out”.

This could be seen in a transport example in a midland city. An island site was dominated by highways and land values were low; 1.5 million sq ft of development generated CIL charges but there were no effective plans or mechanisms on how to deliver the project. An alternative was to invest in excellent public realm and create opportunities for pedestrians which would encourage a change in land use and rebalance the city. There was a clear vision and substantial detail supporting implementation. It would need a multi agency approach but by avoid building major infrastructure that did not add value the project could achieve a 4:1 return on investment.

A second example involved a regeneration site in London of 3,000 homes where the standard GLA policy would require centralised energy plant. This was found to require £10m initial cost that would make the scheme unviable. The cost per property of such solutions did not compare well with the reductions in carbon achieved, priced at the Government standard value of £50 per tonne. In terms of overall sustainability local priorities would be different: including more affordable housing and education outcomes. There should be conversations with the energy and infrastructure providers to come up with the more appropriate solution.

There were discussions with CLG about changing regulations, adopting a local delivery plan. Government should not set ambitions that have no reality and local authorities needed to understand what was realistically achievable.

2. Key points made in discussion

- The onus was on developers to engage in constructive dialogue. Although it was right to ask the community what their immediate needs are – jobs, education, and safety – it was the role of government to plan for further generations with a 60 year pay back.
- The first borough CIL plan for London illustrated that it was not about trading hard infrastructure off against soft. For example fuel poverty was a real issue in the UK. Large sums need to be found within local authorities. Large developments produced shifts in social housing provision and educational demand. A robust community infrastructure plan was needed with flexible responses. LAs are losing good officers but they should take the opportunity to think and do things differently. An integrated land/infrastructure plan was needed so that LAs did not take money and not demonstrably use it for the proper purpose.
- It was difficult for LA's to have an open and free discussion with infrastructure providers including energy suppliers as they did not often take a strategic view. Although there were some examples – Reading - where joint discussions were helping to save money on delivering infrastructure because there was the right policy environment.
- Schemes were often considered too narrowly. It was difficult to show how to make an individual site permeable to the wider area and control of the hinterland was needed to make links.
- Outside London the scale was typically much smaller: 200/300 units not 3,000. This required area action plans to deal with the impact on movement: small developments would never be able to support changes individually.
- There were dangers in proposing a 'trade off'. Cities have to be zero/low carbon or low and meet social objectives such as education. This had been achieved by the Olympic Delivery Authority with clear objectives for a new part of the city: long term value was linked to a longer funding regime.
- PFI focused on performance specification leaving providers to devise their own best solution. Consultants should advise client if they think they are taking the wrong path.
- There was a silo mentality in policy and development control with a tick box response to multiple policy requirements. Developers would accept some costs and requirements simply to make progress. There were lots of CHP plants in the City that were unused.
- We should be clear about the two big drivers of change: the scale and nature of the housing growth and the transport services shaping a city.