

## **Divisions Affected – All**

### **CABINET**

**19 December 2023**

## **Infrastructure Funding Statement Report of Place Overview & Scrutiny Committee**

### **RECOMMENDATION**

1. The Cabinet is **RECOMMENDED** to —
  - a) Agree to respond to the recommendations contained in the body of this report, and
  - b) Agree that relevant officers will continue to update Scrutiny for 12 months on progress made against actions committed to in response to the recommendations, or until they are completed (if earlier).

### **REQUIREMENT TO RESPOND**

2. In accordance with section 9FE of the Local Government Act 2000, the Performance and Corporate Services Overview & Scrutiny Committee requires that, within two months of the consideration of this report, the Cabinet publish a response to this report and its recommendations.

### **INTRODUCTION AND OVERVIEW**

3. At its meeting on 06 December 2023 the Place Overview and Scrutiny Committee considered the Council's Infrastructure Funding Statement, detailing the developer contributions secured, spent or received during the previous financial year, 1 April 2022 – 31 March 2023.
4. The Committee would like to thank Cllr Judy Roberts, Cabinet portfolio holder for Infrastructure and Development Strategy, and Bill Cotton, Corporate Director for Environment and Place, Rachel Wileman, Director of Environment, Planning and Climate Change, and Nick Perrins, Head of Strategic Planning, for attending the meeting, preparing and presenting the report and responding to questions.

## SUMMARY

5. Cllr Roberts introduced the report by outlining the purpose of the Infrastructure Funding Statement, which was to satisfy a central government requirement that the Council report on its activities around Community Infrastructure Levy (CIL) and s.106-derived infrastructure spending over the previous financial year.
6. Rachel Wileman provided further detail. In 2022/23 the Council had secured 68 new planning obligations for developer contributions worth £124m. Of that, £28.2m had been spent in-year, the overwhelming majority on education and transport. A total of £62.3m of contributions were received in 2022/23 but the Committee was concerned to note that only 45% of this amount, namely £28.2m, was spent. In total, including monies received in 2022/23, the Council was holding £276m for the purposes of future projects, and had secured (though not received) additional funding of £291m. Of the money held, £97.7m had been allocated to projects which were either in the capital programme or had a business case.
7. In-year education spending, £18.4m across 31 projects, was aimed at adding additional pupil places to support new development. Transport spending, £6.7m over 50 different projects had tended to relate to active travel, bus travel or junction improvements. Eight libraries had received upgrades or refurbishments at a cost of £351k.
8. Assessing future priorities for infrastructure funding made reference to a number of factors, including statutory requirements, Local Plans, County Council policies such as the Local Transport and Connectivity Plans and service plans, externally-held policies such as the Future Oxfordshire Partnership's Oxfordshire Infrastructure Strategy, and the feedback from Localities meetings. Key future priorities included i) future school expansions, ii) active and sustainable traffic projects to reduce traffic levels, iii) tackling congestion, improving air quality and making bus journeys quicker, iv) providing new household waste recycling facilities, v) specialist housing, such as for adult social care, vi) resourcing fire and rescue services, and vii) developing community hubs.
9. It was clear that the Council was effective at collecting developer contributions to pay for infrastructure crucial to the Council's functions. A significant sum was being held (£276m) of which 35% was earmarked for spending. A corporate project was underway to review how s.106 monies could be used to support the capital programme and ensure faster delivery of projects which would benefit local communities.
10. In response to the presentation the Committee discussed multiple issues. These included:
  - The profile of capital expenditure necessary to achieve the Council's transport ambitions as set out in the Local Transport Connectivity Plan

- The flexibilities, barriers and constraints around expenditure of s. 106 monies
- The capacity, communication and integration of the Council's officers responsible for s. 106
- The impacts of recent developments such as the loss of support for the Oxfordshire 2050 Plan and the call-in of the Housing Infrastructure Fund decision by the Secretary of State on priorities and funding
- The Council's forward planning of projects
- Means of improving governance, communication and cross-working between different infrastructure-providing stakeholders, particularly the County and District/City Councils.

The Committee makes a total of ten recommendations, focusing on two broad areas: maximising the benefits of available infrastructure spending for residents, and supporting the realisation of the Council's strategic ambitions around transport.

## **RECOMMENDATIONS**

### **Maximising the Benefits of Infrastructure Spending for Residents**

11. It is clear from officer responses to questions that the process for the delivery of infrastructure is awkward. Needs are identified often far in advance of when they are to be delivered, sometimes many years, and can involve multiple independent parties each delivering part of a whole. These needs and the relevant sums or infrastructure delivery are usually tightly defined by developers, providing little flexibility to adjust provision as needs alter over time. This level of complexity and uncertainty makes it challenging to understand where a project stands, and therefore whether it is on track. The more difficult projects are to be monitored, the more likely they are allowed to slip, which ultimately means residents miss out on the infrastructure they need. This is a concern for the Committee, and it is pleased therefore to be assured that the Council is reviewing its current contracts to identify where each project stands, and what degree of flexibility it holds. Furthermore, the Council is also examining how it might improve its whole s.106 process, from negotiation to delivery. This too is strongly welcomed. The Committee wishes to stress in this context the importance of ensuring that the maximum flexibility is built into future s. 106 agreements.
12. One issue related to flexibility is that there is a difference between s. 106 funds, and CIL funds. Monies for s. 106 are far more specific; they are to pay for a particular roundabout, or a block of classrooms. CIL funding is not so targeted, and monies can be saved up into a more general pot, which can be spent in a more flexible way and allows the Council to adjust to changing needs and circumstances. Not every tier 2 council in the county, however, collects CIL. The City Council, and South and Vale Councils do whereas West Oxfordshire and Cherwell do not. As a consequence, this limits the resources the Council has available which are not tied to specific projects. Given the importance of flexibility to ultimate resident outcomes, the Committee encourages the Council

to hold discussions with non-CIL collecting councils in the county about the benefits of adopting this approach.

13. A final comment to make on this issue relates to the Council's review of projects. In light of the fact that projects are subject to critical dependencies and trigger points, before which no work can be undertaken, any review which does not explain clearly those constraints is would be providing a very partial picture. A project subject to no such constrains which had gone undelivered for five years after receiving funding would be far more serious than one where funding was waiting to be received from another developer. As such, the Committee seeks that the review draws this out and makes it easy to understand for any single project what the barriers, constrains and trigger points around it are.

**Recommendation 1: That the Council is mindful to build in as much flexibility as possible to its s.106 agreements at negotiation and agreement stages.**

**Recommendation 2: That the Council holds conversations with non-CIL collecting district councils in the county to emphasise the benefits of collecting CIL funding over s.106 contributions.**

**Recommendation 3: That the Council's progress review of s. 106 funded infrastructure projects provide, for each project, an easy to read summary of the barriers, constraints and trigger points it is subject to.**

14. The following recommendation refers back to the end to end review being undertaken to improve the infrastructure delivery process. It is a plea commonly made by Scrutiny, but especially relevant in this instance: involve local members more throughout the process. Not only do local members know the communities they represent well themselves, but they are also conduits for community feedback on what a local area needs or will need as it develops. Equally, when necessary infrastructure is overdue Councillors are often the first people residents complain to. Councillors can play a strong role of spokesperson for the Council within communities, but only if the (sometimes) complex background issues are sufficiently explained to them. The view of the Committee is that the Council's Localities function is ideally suited to be the starting point for this information exchange.

**Recommendation 4: That the Council involves local members throughout the full process of infrastructure delivery in their areas via, in the first instance, its Locality meetings.**

15. The Committee's strongest area of recommendation is largely simply an endorsement and extension of work the Council is already doing. The fact that the Council is undertaking a review to improve its end to end processes around s.106 spending is indicative of this being an area which does not work as well as it could. This fact was confirmed by both officers and Cabinet member – that there exists a fragmentation between different parts of the process. The negotiation of s.106 agreements is handled discretely from those who will deliver the infrastructure, for instance. Equally, within a high inflation environment such as has been experienced recently, delays to projects have

significant financial implications. Greater communication is therefore required between delivery teams and the wider Council to navigate these greater impacts. Equally, it should be recognised that the Council is responsible strategic infrastructure, but it is not the only recipient of s.106 funding. Working alongside district/city councils to coordinate requirements will tend to yield better results. However, extra work takes extra resourcing. The Committee is pleased to see that the team has invested in its own infrastructure with improved software. On its own, however, this is not sufficient to drive the necessary improvements. Infrastructure spending involves particular pressures. Not only do residents suffer the inconvenience of any time lags between development and concomitant infrastructure, but developer contributions are subject to a 'use it or lose it' situation. With the sums involved in potential infrastructure spending running into the hundreds of millions of pounds, even a minor level of inefficiency threatens to leave significant money to benefit residents unspent. As such, the Committee is keen to ensure that this improvement project is undertaken, and that the Council focuses on improving communications between teams (and local authorities), and the steep opportunity cost of insufficiently resourcing this area of the Council's work.

**Recommendation 5: That the Council improves the involvement and communication between all stakeholders in the infrastructure delivery process, particularly between the negotiation and delivery teams, and the delivery teams and the wider Council.**

**Recommendation 6: That the Council invests in its infrastructure delivery, including project management, to enable it to reach a high level of efficiency and effectiveness, reducing delays or the threat of handing back developer contributions for undelivered infrastructure.**

## **Realising the Council's Strategic Transport Ambitions**

16. The Committee welcomes the fact that Local Plans, the LTCP and the OXIS are all referenced in decision-making around the necessary infrastructure to fund. However, the Committee's view is that there exists a danger that by being dispersed across multiple documents, the important work of ensuring that integration and developing holistic responses to infrastructural needs may be overlooked. As such, it would prefer to see the multiple documents funnel into a single overarching document. To the Committee's view this would be the OXIS. In order to achieve this, greater coordination must occur between the county council and the district/city councils and the Committee would like to see the county council providing the impetus for this to happen.

**Recommendation 7: That the Council leads on improving strategic coordination between tier 1 and tier 2 authorities in the county via the Future Oxfordshire Partnership to embed necessary infrastructure requirements for the achievement of the LTCP targets in the next iteration of the OXIS.**

17. Back-casting is a technique which can be used to check the adequacy of current plans in reaching a target in the future. As its first step it assumes that in the future date all relevant targets have been met. It is then necessary to fill in the steps which would need to have been undertaken in order to reach that point. This can then be looked at as a template for the work which is required to successfully achieve those targets. This template can be used as a benchmark against which to compare current plans and forecast whether they are sufficient to deliver their stated objectives. The Committee is particularly keen that the infrastructure requirements to achieve the LTCP are fully embedded within the next iteration of the OXIS, and suggests that a back-casting exercise is undertaken to identify the necessary infrastructure delivery to support the targets of the LTCP.

**Recommendation 8: That a back-casting exercise from 2030 in reference to the OXIS refresh be undertaken and the required investment in infrastructure to achieve LTCP targets to be compared with current plans and the OXIS be updated as necessary.**

18. As illustrated by some of its other recommendations, the Committee is aware of the constraints and inflexibilities to which s. 106-derived infrastructure spending is subject. Notwithstanding this, an important factor to remember is the rationale behind s. 106 contributions in the first place. They are paid to offset the increased demands on infrastructure by a new development. At present, approximately one third of the money being held is allocated for spending. That means two thirds are not. The longer the delay between a development and the infrastructure to support it, the more local residents are inconvenienced by insufficient infrastructure. The Committee recognises that developing business cases for infrastructure projects takes resources and that there is an inherent risk that situations will change if preparatory works are undertaken before they are actually required. However, it believes that this is offset by the potential for faster delivery (and potentially a lower risk of contributions being unspent). As such, it seeks that the Council increase the amount of preparatory work being undertaken now, so that when it can move, it does so as quickly as possible. Active Travel schemes, the Committee suggests, are particularly suited to this as they are more bite-size relative to, say, the building of a new school.

**Recommendation 9: That the Council develops a pipeline of infrastructure projects, particularly around Active Travel.**

19. Though the recommendation above is important, if such a pipeline of projects is to support the Council's LTCP ambitions it is important to ensure that the projects contained also reflect the Council's priorities. The LTCP endorses a hierarchy of road users, the top of which are pedestrians. The Committee's view is that it would be instructive for the Council to assure itself that its current spending commitments accord with its priorities, and to shift its allocations accordingly if found not to. For clarity, the Committee is not suggesting that spending on road infrastructure should be less than on pedestrian infrastructure – the two vary wildly in cost – but that outcomes of spending should reflect the primacy of walking over other forms of transport within the hierarchy of road users.

**Recommendation 10: That the Council undertakes an audit of its spending on pavements, street-lighting and other walking infrastructure.**

## **FURTHER CONSIDERATION**

20. The Committee does not expect to consider this specific item again during the current civic year. However, it does intend to look more closely at the coordination and processes relating to s.106 monies at a future meeting.

## **LEGAL IMPLICATIONS**

21. Under Part 6.2 (13) (a) of the Constitution Scrutiny has the following power: 'Once a Scrutiny Committee has completed its deliberations on any matter a formal report may be prepared on behalf of the Committee and when agreed by them the Proper Officer will normally refer it to the Cabinet for consideration.
22. Under Part 4.2 of the Constitution, the Cabinet Procedure Rules, s 2 (3) iv) the Cabinet will consider any reports from Scrutiny Committees.

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Annex:	Pro-forma Response Template
Background papers:	None
Other Documents:	None
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December 2023