

Planning and infrastructure for growth, including broadband

Purpose

For discussion and direction / for decision.

Summary

This paper outlines a proposed project on planning and infrastructure, including broadband, as agreed as part of the board's work programme.

Part 1 of the report covers planning and infrastructure and part 2 covers broadband.

Recommendation

That the board discuss and agree the scope of the Planning and Infrastructure for Growth project as outlined.

Action/s

Officers to progress the project as directed by the board.

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Part A - Planning and infrastructure for growth

Introduction

1. This paper outlines a proposed project on planning and infrastructure as agreed as part of the Board's work programme.
2. The Environment and Housing Board lead the LGA's work on planning issues and infrastructure issues are relevant to work led by an number of LGA Boards. It is proposed that the work in this area should be reported to both the Environment and Housing Board and the People and Places Board, and that the City Regions Board and Economy and Transport Board should be kept informed.

Background

3. The provision of infrastructure is key to supporting and sustaining economic growth and delivering services to meet the needs of communities both now and in the future. That includes transport, housing, broadband, energy, water, waste and flood defences needed to create successful places.
4. Councils play a critical role, through the planning system in identifying and securing the delivery of infrastructure to facilitate sustainable development and attract investment.
5. In the lead up to the next election, the planning system and the way councils use it to facilitate and support growth is likely to remain under scrutiny, particularly with regards to whether councils are able to deliver the duty to cooperate and work together to support housing need. In addition, councils will need to counter perceptions that planning is a barrier to growth and demonstrate the effectiveness of locally led planning processes to safeguard against moves to further centralise control of planning.
6. Securing funding for infrastructure is crucial to the delivery of housing and other development and a lack of funding is frequently a cause of delay to schemes. In the context of continued constraints on public spending, finding new sources of funding will be essential to the delivery of local plans and councils' ability to support growth.

Outline of project

7. The proposed project will examine how planning and infrastructure provision might be better-deployed in non-metropolitan settings to drive growth. It will address key issues councils in those geographies face in planning and securing funding for infrastructure required to support economic growth and planned housing growth.
8. The central elements of the work will be:
 - 8.1 To develop an evidence base and share good practice of how councils are planning effectively across local boundaries to plan strategically for infrastructure, working in partnership with the private sector to bring forward development and securing investment in infrastructure;
 - 8.2 to make the case for what more could be achieved with more devolved funding for infrastructure at a local level; and

8.3 to develop policy proposals that will increase councils' ability to plan effectively and assemble adequate funding for infrastructure and thereby reduce delays and barriers to growth.

9. The proposal is to produce a report (with an accompanying lobbying strategy) and an event in late Autumn that will cover the following areas:

9.1 Setting out why infrastructure delivery is important and the issues that need to be addressed:

- Infrastructure is key to housing delivery and successful communities
- Appropriate infrastructure is key to building public support for development
- The need to plan across boundaries for infrastructure and housing
- Counter perceptions of planning/councils as a block on growth
- Insufficient/poor targeting of central funding for infrastructure.

The data to support this will include:

- Amount invested in infrastructure and the routes to secure such infrastructure (for example via Tax Increment Financing)
- Estimated infrastructure gap
- Cost to economy of poor infrastructure
- Number of large schemes stalled due to infrastructure
- Public opinion polling about the importance of infrastructure to reducing opposition to development.

9.2 Identify and evidence the challenges and barriers to infrastructure delivery, including:

- Fragmented and siloed central government funding for infrastructure
- The extent to which developer contributions (section 106 and Community Infrastructure Levy) are insufficient to fund the cost of required infrastructure
- Factors which increase complexities of cross-boundary strategic planning for infrastructure. It is likely that the Lyons Housing review will consider these issues and there will be a strong link across to the housing element of the Board's work programme. The LGA has submitted written evidence to the Lyons review and the government's review of the local authority role in housing, which is included as an annex in the previous housing paper.

The data to support this will include:

- Assessment of the multiple funding streams for infrastructure
- Trends and analysis of the levels of funding from section 106 and Community Infrastructure Levy
- Examples of local infrastructure gaps

9.3 Council achievements in planning and delivering infrastructure. This will include:

- Case studies from non-metropolitan places to demonstrate how councils have been overcoming barriers and finding ways to fund infrastructure e.g. partnerships with the private sector; pension funds investment; use of council

assets and land and developing new approaches including the Municipal Bonds Agency.

- Assessment of the progress made through a community budget way of working in non-metropolitan areas to join up investment and give councils increased flexibilities.
- Examining progress and success of cross boundary/joint working (including working with LEPs, creation of joint planning units, joint plans, and the duty to co-operate).

9.4 Policy recommendations

The report will present a series of policy proposals to increase councils' ability to deliver infrastructure in the following areas:

- Devolution and targeting of funding – building on proposals in 'Rewiring' for place-base public service budget approach to infrastructure investment.
- Capturing greater value from land to invest in infrastructure – building on the outcomes from the LGA's housing supply work to increase up-front funding for infrastructure.
- Developer contribution to infrastructure costs and a revised approach to viability – again drawing on LGA housing supply work.
- Proposals that would assist strategic planning and the Duty to Cooperate at a sub-regional level.

Timescales

10. The following timescales are anticipated for delivering the project:

- 10.1 September – draft evidence, lobbying strategy and policy proposals for review at September Board meeting.
- 10.2 November – final report and event.

Part 2 – Superfast Broadband

Introduction

11. It is proposed that work on superfast broadband report jointly to the Culture, Tourism and Sport Board, who lead on this agenda, and the People and Places Board. It is also of interest to a number of other Boards, including City Regions and Economy and Transport.

Summary

13. Councils strongly support the extension of access to superfast broadband through the commercial rollout, and are also leading the rural and urban publicly funded programmes.
14. Fast and reliable broadband is vital infrastructure for supporting growth in non-metropolitan areas, given the employment and business patterns in those geographies, and the importance of the visitor economy. It also makes communication between citizens, businesses and public agencies easier in more sparsely populated areas.
15. Councils are joining-up the broadband rollout with efforts to encourage people and businesses to get online, and wider public service transformation.
16. This report updates Members on the broadband rollout outside of cities, and invites Members' steer on actions to try and ensure that councils, businesses and citizens get value for money from their significant investment.

Progress Monitoring

Rural Broadband Programme

17. The Government has allocated £430 million of grant funding to 44 council-led partnerships with the private sector to procure superfast broadband for the predominantly rural locations which are less commercially viable.
18. Local government has exceeded match-funding requirements (sometimes in order to bring coverage closer to 100%), and are projected to spend £730 million by 2015, precisely because of the economic benefits. After long delays while the Government clarified state aid issues, all 44 projects have signed contracts and are in delivery. Superfast broadband is now rolling out to approximately 20,000 per week, rising to 40,000 per week over the summer.
19. Value for money is an on-going concern for councils. BT is the only active supplier in the National Procurement Framework, and there was not the competition which Government expected would drive down costs. Some cost controls were secured, but reports from the National Audit Office and Public Accounts Committee were very critical of Government's failure to secure greater transparency over BT's costs (especially the labour component of capital costs). This meant that councils were at a disadvantage in contractual negotiation.

20. The structure of the telecommunications market, and BT's dominant place within it, presents further challenges. BT Openreach is run separately to the rest of the BT Group, and manages the local network or "last mile" between the local BT exchange and the phone socket, or fibre termination point in a home or business. This matters because it means BT Openreach controls access and pricing of the fixed infrastructure required to extend access to superfast broadband by Fibre to the Cabinet and Fibre to the Premises.
21. OFCOM, the independent regulator, requires BT Openreach to allow wholesale competitors to access BT's physical infrastructure. However, OFCOM has been criticised for allowing BT Openreach to set its wholesale price too high, so that it is not profitable for alternative suppliers. Despite trials, so far no provider has actually deployed new network assets using this access.¹ BT's dominant position is further strengthened by the fact that broadband customers need to have an active BT landline and pay line rental, thus tying in new customers to a combined phone and broadband package.
22. The Rural Community Broadband Fund was a £20 million fund to help 'hard to reach' communities get access to superfast broadband, but progress was stalled by the lack of disclosure of BT's plans, as projects could not prove that they did not overlap with the main rural programme. Barring a small number of outstanding applications, the fund was closed down in March 2014. It is essential that unspent funding is ploughed back into places through the rural rollout. Under the scheme, communities bid for 50% or more of the total sum required to rollout small-scale improvements to broadband infrastructure.

Superfast Broadband Extension Programme

23. In March 2014, the Government announced a further £250 million fund (to be locally matched) so that 95% of UK homes and businesses (4.6 million) have access to superfast broadband by 2017. Following feedback from the Local Government Delivery Council (a Chief Executive advisory group to the LGA on service transformation), the LGA is hosting an event on 30 June for the 45 councils eligible for the fund to discuss opportunities for collaboration on procurement.
24. The Government is also running a £10 million competitive fund to develop innovative fixed, wireless and mobile broadband solutions that will reach the final 5% of premises in the most isolated places. It is essential that the solution developed is cost effective for councils.

Outline of project

25. The proposed project will focus on keeping up on the momentum on the roll out and supporting councils, businesses and citizens to get value for money from their considerable investment. We propose:

¹ National Audit Office, The Rural Broadband Programme <http://www.nao.org.uk/report/the-rural-broadband-programme/>

- 25.1 continuing to try to secure value for money for councils by **providing practical support through Local Partnerships** on contract management and by **supporting collaboration on procurement for the Extending Broadband Programme**
- 25.2 opening up a dialogue with OFCOM on the **regulatory framework** for the telecommunications market
- 25.3 pressing Ministers to ensure **proper competition for contracts** to reach the final five per cent of the population
- 25.4 promoting **councils as best placed to join up the broadband rollout** with efforts to encourage people and businesses to get online, and wider public service transformation
- 25.5 developing a **compelling account of digital infrastructure needs** in non-metropolitan places to inform Government's work on post-2015 digital infrastructure.

Outputs and Timeframe

- 26. The outputs will be:
 - 26.1 An event on **30 June 2014** for the 45 councils who have expressed an interest in the Extending Broadband Programme to explore opportunities for collaborative procurement.
 - 26.2 **By September 2014** developed proposals for regulatory reform and opened up dialogue with OFCOM.
 - 26.3 **By Autumn 2014** influenced the final 5% project so that solutions are cost effective for councils.
 - 26.4 **By Autumn 2014** influenced the Government's work on post-2015 digital infrastructure to ensure that it takes account of the situation in non-metropolitan places. It is proposed that a joint meeting with Lead Members from the Culture, Tourism and Sport Board feeds into this.
- 27. The Chairman of the LGA, Sir Merrick Cockell, is meeting Sajid Javid MP, the new Secretary of State for Culture, Media and Sport on 11 June, and this is an early opportunity to press the importance of keeping up the momentum on the broadband rollout the points made above.
- 28. The new Chief Executive of Broadband Delivery UK, Chris Townsend, is speaking at LGA annual conference on 10 July.