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**Planning, Infrastructure and Place Advisory Group**

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**PAPER 2**

**Infrastructure First**

DRAFT

## An introduction to Infrastructure First

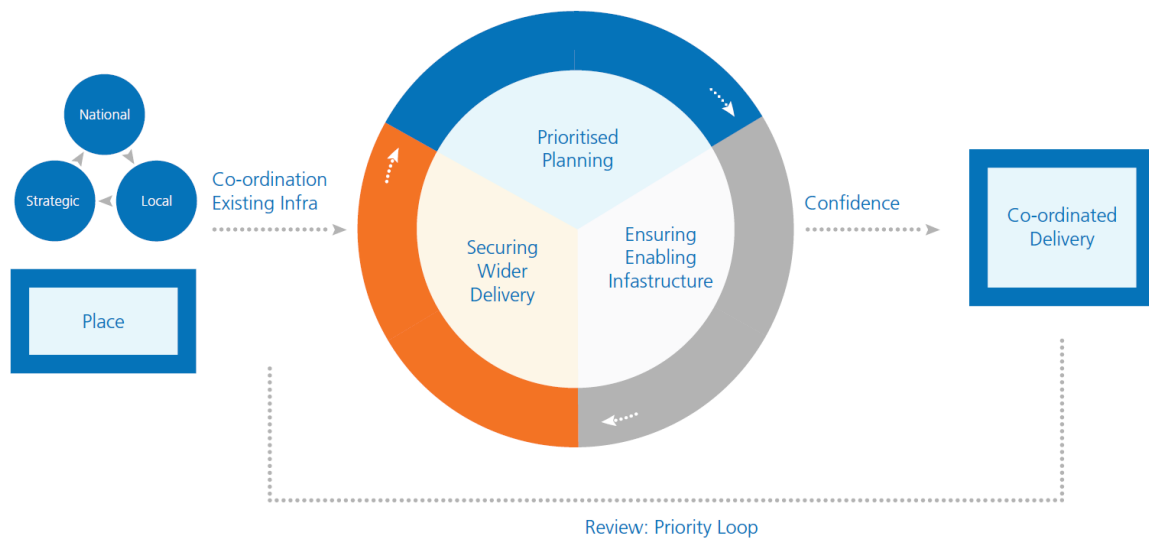
As an example of an area of initial focus for PIPAG, it is suggested that the group could usefully explore and develop a fuller understanding of 'Infrastructure First', building on work previously undertaken to consider this and reflecting the wide interest and sectoral breadth of this area. In order to inform this discussion, this paper sets out some background to the concepts of Infrastructure First based on how it is framed in the context of NPF4, as well as extracts from previous work undertaken to explore the concept and delivery challenges associated with it.

### Background

An Infrastructure First approach means identifying and addressing the infrastructure capacity and requirements arising from a development(s), including their impacts and needs (on a combined basis) at a local, strategic and national basis. Infrastructure considerations should be at the heart of placemaking.

Infrastructure and related activity may range from elements such as land remediation and preparation through to delivering schools and community facilities to roads and roundabouts and newer types of assets such as low carbon solutions and digital connectivity. This is essentially a broad definition of infrastructure and how it supports wider activity. At the core of the Infrastructure First Approach is the concept of bringing together a collaborative culture and delivery mechanism which inherently understands the relationship between plan making, the principles of place, and the funding and financing commitments needed to bring forward coordinated delivery.

The flow diagram below captures the Infrastructure First Approach and what it seeks to achieve.



The approach identifies that infrastructure delivery sits across the National, Strategic (or regional) and Local level and these all impact on the shape and development of Place.

### NPF4 Context

The principles of Infrastructure First are embedded within NPF4 as set out below.

#### *Policy Intent:*

- To encourage, promote and facilitate an infrastructure first approach to land use planning, which puts infrastructure considerations at the heart of placemaking.

### *Policy Outcomes:*

- Infrastructure considerations are integral to development planning and decision making and potential impacts on infrastructure and infrastructure needs are understood early in the development planning process as part of an evidenced based approach.
- Existing infrastructure assets are used sustainably, prioritising low-carbon solutions.
- Infrastructure requirements, and their planned delivery to meet the needs of communities, are clear.

### *Local Development Plans*

LDPs and delivery programmes should be based on an integrated infrastructure first approach. Plans should:

- be informed by evidence on infrastructure capacity, condition, needs and deliverability within the plan area, including cross boundary infrastructure;
- set out the infrastructure requirements to deliver the spatial strategy, informed by the evidence base, identifying the infrastructure priorities, and where, how, when and by whom they will be delivered; and
- indicate the type, level (or method of calculation) and location of the financial or in-kind contributions, and the types of development from which they will be required.

Plans should align with relevant national, regional and local infrastructure plans and policies and take account of the Scottish Government infrastructure investment hierarchy and sustainable travel and investment hierarchies in developing the spatial strategy. Consistent early engagement and collaboration between relevant stakeholders will better inform decisions on land use and investment.

### *Policy 18*

a) Development proposals which provide (or contribute to) infrastructure in line with that identified as necessary in LDPs and their delivery programmes will be supported.

b) The impacts of development proposals on infrastructure should be mitigated. Development proposals will only be supported where it can be demonstrated that provision is made to address the impacts on infrastructure.

Where planning conditions, planning obligations, or other legal agreements are to be used, the relevant tests will apply. Where planning obligations are entered into, they should meet the following tests:

- be necessary to make the proposed development acceptable in planning terms
- serve a planning purpose
- relate to the impacts of the proposed development
- fairly and reasonably relate in scale and kind to the proposed development
- be reasonable in all other respects

Planning conditions should only be imposed where they meet all of the following tests. They should be:

- necessary
- relevant to planning
- relevant to the development to be permitted
- enforceable
- precise
- reasonable in all other respects

## What do we mean by infrastructure?

For the purposes of Infrastructure First, the following asset classes are considered:

- communications – including digital and telecommunications networks and connections;
- existing and planned transport infrastructure and services;
- water management – supply, drainage systems and sewerage (including flood risk management);
- energy supplies/energy generation – including electricity and heat networks, distribution and transmission electricity grid networks, and gas supplies;
- health and social care services – including both services provided in the community directly by Health Boards and services provided on their behalf by contractors such as GPs, dentists and pharmacists;
- education – including early years, primary, secondary, further and higher education services;
- green and blue infrastructure; and
- spaces for play and recreation.

## Delivering enabling infrastructure

A key component of the Infrastructure First approach is to understand the wider enabling infrastructure requirements associated with the place / local development plans. In the context of a plan led system, the collaboration between local authorities and Infrastructure Providers (IPs), alongside engagement with developers promoting sites and landowners, is essential to a well-functioning system. Inconsistency in such an approach can cause delivery and/or decision making challenges.

It should also be noted that the term IP can also apply to local authorities and the key public sector agencies. Again, their collaboration as IPs is key to understanding the wider infrastructure need to enable and support delivery.

Broadly, planning authorities are required to consult with those IPs classed as statutory undertakers on proposed development plans which should in theory drive a more coordinated approach to linking prioritisation of place and infrastructure delivery and thereby enabling better certainty to price and cost future growth propositions/interventions. There are of course other IPs who do not have this statutory undertaker classification.

Ultimately, if increased levels of development are to be achieved, it will also be incumbent upon IPs to support and accommodate the strategic expansion of infrastructure to accommodate housing and commercial growth. This raises the question as to the barriers and constraints which prevent a more integrated approach between IPs and local authorities.

A deeper understanding of how IPs manage their statutory obligations and their currently enshrined approaches to infrastructure, can help facilitate a shared understanding of the barriers and constraints they face, the regulatory environment they work within and a common set of themes to delivery which can be recognised across all infrastructure asset classes.

The resultant benefits of having a more proactive understanding of IPs is to use this to drive synergies in the direction of place and thus prioritisation which coordinates with those capital investment programmes of the IPs and is cognisant at an early stage of the funding and delivery profile of those works identified. This then allows a better understanding and certainty of resource.

The challenges faced by the IPs can be categorised into common themes which manifest across the different asset classes and some that are unique to one particular asset class. The following provides an assessment<sup>1</sup> of some of those themes and challenges, as well as identifying some of the benefits of addressing those.

### Common Themes & Challenges faced by Infrastructure Providers

There are several themes and challenges which are encountered in relation to IPs. The below seeks to provide an overview of these and highlight where existing work is underway (and which needs to be concluded). Bringing these elements together will allow further thought and work to be undertaken to again enhance the approach to delivering infrastructure and how the public sector and IPs work together efficiently to focus resources.

#### *Engagement*

Engagement is a key requirement of successful collaboration with any IP, whether externally or internally. It was recognised that having an identified contact within an organisation is an important first step in considering matters or initiating steps to unblock issues. Likewise, adopting 'open door' policies facilitates discussions. Within the public sector, this also manifests itself as greater collaboration between internal teams such as finance, planning and education.

Engagement also ensures that infrastructure and investment requirements for promoted and allocated sites are known. It also reduces uncertainty around the timing of funding and delivery for those elements that are prioritised.

#### *Information Exchange*

The way in which information is exchanged can enhance how parties can collaborate. This can extend to the sharing of plans or access to digital mapping databases which can bring a deeper understanding of the respective operational and non-operational assets held by IPs. Alignment of plans with a local authority's development plan would also enable a more informed approach to prioritisation.

#### *Knowledge and Intelligence*

In broad terms, a more cohesive relationship with IPs can be developed through exchange of knowledge and intelligence on matters ranging from corporate governance, capital investment priorities and approaches, asset mapping, operational constraints and regulatory restrictions.

#### *Housing Targets driving Capacity Constraints*

The wider policy context to drive up economic activity and house building numbers, coupled with the plan led system, provide a cumulative impact on the capacity and capability of existing infrastructure and identifies where new infrastructure would be required. As highlighted above, a clearer understanding of this and its potential prioritisation can allow enhanced planning and engagement and the focussing of resources.

#### *Identifying Funding Shortfalls*

In many instances, developer contributions don't fully cover the costs of required new infrastructure, and assistance is essentially required to resolve sites which are unviable, preventing delivery. This means that public sector resources may need to be called upon. This can be a further challenge where authorities do not have leverage to ensure that planning permissions lead to development delivery.

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<sup>1</sup> [SFT/Land Commission Report, 2019](#)

Ultimately, a better understanding of this allows a greater capability to focus such resources (particularly in the currently constrained fiscal environment). It also allows, as detailed later, consideration of how different land value capture tools could be utilised to support the delivery of enabling infrastructure, including requirements arising from the cumulative effects of development at a scale beyond the site and immediate surroundings.

#### *Consistency of Approaches*

Having a consistent approach to establishing capacity need and appropriate solutions would be beneficial, particularly in relation to education provision, where provision is much more fragmented than for other asset classes (i.e. there being 32 local authorities). Negotiations and uncertainty ultimately will lead to delay and disputes. Consistency and considering how the key issues can be addressed and considered is paramount to achieving successful outcomes.

#### *Timing & Phasing*

Timing and phasing of development is also important for projecting and agreeing infrastructure need: this needs to be considered and understood, again with consistent approaches applied by the public sector. As discussed later, timing also affects s75 contributions as they are agreed at a certain point in time based on the information available.

#### *Developer Contributions*

Several local authorities do not seek developer contributions for certain types of infrastructure due to concerns over viability. Conversations with these local authorities differ from those authorities that do seek contributions. However, many of the same issues persist whether contributions are sought or not, as instead of negotiating with developers over contributions, they find themselves having to justify any spend to their finance colleagues. This is the same for those authorities who do seek contributions, but where these contributions do not cover the full costs of the infrastructure need.

#### *Measuring the Outcomes of Infrastructure*

Often when the public sector (and others) consider the impacts and benefits associated with infrastructure these are considered on differing bases. Whilst this allows a balance of focus between economic and social factors, it does mean that the alignment of different asset classes being considered in different ways can cause conflicts: for instance when looking at the justification for housing vs economic investment vs transport within a strategic site – the models which consider their impact can often be different and provide different outcomes to deliver an overarching strategic solution. Thought therefore needs to be given as to what are the overarching principles which should drive infrastructure investment, and indeed how are these influenced by Place.

#### *The Benefits of Addressing Challenges*

By considering and addressing the above, the following outcomes could be achieved:

- Accelerated delivery of development and ‘unblocking’ of development sites;
- A greater collective understanding is achieved. This also allows a wider spatial understanding to be achieved;
- Greater clarity and understanding around specific development sites, whilst also allowing greater clarity around coordination and how efficiency could be achieved for IPs by potentially working together;

- Engagement can inform a plan led process – essentially the more information, knowledge and data available – this allows a more accurate, informed, deliverable plan (regardless of spatial level to be developed); and
- Engagement enables a greater understanding of the regulatory processes of the IPs for the public sector. This understanding should be further developed, alongside understanding whether the regulatory environment can be address investment phasing e.g. future-proofing of infrastructure and its capacity and / or timing of further upgrades.

### Discussion topics

Within this context there is scope for the Group to consider a significant range of areas to address, for example:

- priority areas to focus on;
- steps to achieving certainty and deliverability;
- options for front-funding /cost recovery;
- the role of digital transformation to support good practice – for example sharing of datasets.