

City infrastructure will cost £300m in the next decade



If the Local Development Plan is put in place by next year (which it will be unless there is some kind of appeal) then it will trigger the possibility of the council facing a £300million bill for providing new roads and schools to serve the homes which will then be built. This sum would be spread over the next decade while the houses were under development.

The Local Development Plan is designed to offer an overarching framework within which planning permission can then be granted to developers.

Councillors heard today that this hefty sum will be met by developers' contributions, the City Deal which is currently being explored and a variety of other options which are being discussed with the Scottish Government and housing developers.

Councillor David Walker questioned how the figure of £300million had been arrived at as there are no figures in the Action Programme produced at today's meeting. The council officer explained that it was only education and roads which could be dealt with in terms of the planning legislation. He also confirmed that while costs had been calculated by looking at the expected infrastructure in terms of the LDP as well as potential other sites and have applied average figures for each unit to be built, the costs might change and the programme is a live document.

Each house built will potentially cost the builder £10,000 in what is called a developer's contribution. It is quite usual for the council to enter into Section 75 agreements alongside the granting of planning permission. These agreements set out

what the developer has to do usually in the form of financial contribution to infrastructure. Sometimes they agree to actually build the schools needed, but each case is agreed at the time.

The Local Development Plan provides for 14,415 new homes and a simple arithmetical calculation shows that this would yield £144.15million. The gap of over £152million could be borrowed, but if the council borrows this at say 5% it would cost them £12million per annum in interest alone.

While this would not all be incurred at once, it is a significant figure to face, particularly in light of the other financial discussions going on today at the City Chambers.

Figures which the council works from show that the city's population is estimated to rise by 28% in the period 2012-2037. More houses and more residents means more council tax, so that is one way of increasing the council's income, but council officers do not estimate that any increases in council tax or business rates would completely meet the funding required.

The council has a statutory obligation to build schools and the local development plan does include proposals for extending secondary schools and erecting new primary schools. This funding must be found from somewhere. But the question is where?

The council agreed today to proceed with their second Action Programme which is complementary to the Local Development Plan and also lasts for 10 years.

They will now engage in discussions with the Scottish Government and housing developers to find some alternative way of paying for the roads and schools the city will need when the new homes are constructed. This programme is designed to be updated as and when the council can source funding for major infrastructure, but it is also a way of coordinating

development proposals with the services needed to support them. Little point in building homes without the roads and schools that are needed by the people who will live in them.

As at today the council may not know exactly where some of the £300m will come from, but at least they have already set aside £905,000 in their budget from last year to do the feasibility studies to find out.