

TITLE OF REPORT: **Infrastructure Funding Statement**

REPORT OF: **Peter Udall. Strategic Director, Economy, Innovation and Growth**

Purpose of the Report

1. To inform Cabinet of financial contributions the Council has secured through Community Infrastructure Levy (CIL) Contributions and Section 106 agreements from new developments for off-site infrastructure works and affordable housing.
2. To request Cabinet to approve the proposal for the spending of CIL on strategic infrastructure.
3. To request that Cabinet approve the Infrastructure Funding Statement (IFS) so that it can be published on the Council's website by the end of 2020.

Background

4. The Council are now required to produce and publish an Infrastructure Funding Statement on an annual basis under the CIL Regulations.
5. CIL and Section 106 agreement (collectively known as 'planning obligations' or 'developer contributions') income is used to help fund the provision of supporting infrastructure in association with development and maximise the benefits and opportunities from growth, such as biodiversity net gain and affordable homes.
6. CIL provides financial contributions that are to be spent on strategic infrastructure (80%) to help support the delivery of growth identified in the Council's Core Strategy and Urban Core Plan (CSUCP) and spent on projects in local areas (20%) on local infrastructure (also known as the CIL neighbourhood portion) or anything else that is concerned with addressing the demands that development places on the area.
7. In regard to strategic infrastructure, the list of items is set out in the IFS. In terms of priority projects for CIL to be spent on these are also set out for approval.

8. In regard to the CIL neighbourhood portion, this can be spent on a broad range of items and Cabinet have previously approved a process for the spending of the neighbourhood portion in June 2017.

Proposal

Infrastructure Funding Statement

9. This is set out in Appendix 2. Under the CIL Regulations, the Council is required to publish this on the website by the end of 2020 and annually thereafter. This includes information on income received through Section 106 Agreements and CIL and expenditure of this income in 2020/21 including the CIL neighbourhood portion along with income projections for 2021/22 and spending priorities.

Strategic infrastructure spending priorities

A695 corridor

10. For strategic infrastructure, it is recommended that the priority for spending is on the upgrade of junctions along the A695 corridor to support new housing in this area on three sites at Crawcrook North, Crawcrook South and Ryton (187 homes at Crawcrook North, 169 homes at Crawcrook South and 550 homes at Ryton). It also includes 404 homes at the Prudhoe Hospital (within Northumberland) which leaves a total of 1310 homes.
11. Estimated costs for the whole A695 corridor are £1,927,500. A total of £1,029,149.79 (not including full indexation) is already committed from Section 106 contributions which leaves £898,350.21 to be funded through CIL (although in practice this will be slightly less due to indexation) once sufficient CIL funds are in place.
12. The decision making process will be reviewed annually as there is a requirement for Cabinet to approve the IFS which includes the strategic spending priorities each year.

Recommendation

13. It is recommended that Cabinet:
 - (i) Notes the financial contributions the Council has secured through CIL Contributions and Section 106 agreements from new developments for off-site infrastructure works and affordable housing.
 - (ii) Approves the strategic infrastructure priority for spending CIL on junction improvements along the A695 corridor to support new housing in the area.
 - (iii) Approves the Infrastructure Funding Statement (IFS) in Appendix 2 so that it can be published on the Council's website by the end of 2020.

For the following reasons:

- To enable the Council to comply with the CIL Regulations.
- To enable the provision of strategic infrastructure – namely junction improvements along the A695 corridor – to support the demands of new housing developments in Crawcrook, Ryton and Prudhoe.

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Policy and legislative context

1. Cabinet approved the Community Infrastructure Levy charging schedule for Gateshead in November 2016 and it came into force in January 2017. The Council is both the collection and charging authority.
2. The Community Infrastructure Levy (CIL) Regulations 2010 set out that a charging authority must apply CIL to funding infrastructure to support the development of its area. As part of this, the Council was required to produce a list (under Regulation 123 of the CIL Regulations) of strategic infrastructure to be funded by CIL (also known as a Regulation 123 List) so as to support new development allocated in the Core Strategy and Urban Core Plan (CSUCP) for Gateshead and Newcastle upon Tyne.
3. The need for a Regulation 123 List has now been replaced by an Infrastructure Funding Statement (IFS) under the CIL (Amendment) (England) (No. 2) Regulations 2019. The IFS is required to be published on a website at least annually by a Local Planning Authority (LPA) with the first IFS required to be published by 31 December 2020.
4. The IFS is required to include:
 - A statement of the infrastructure projects or types of infrastructure which the charging authority intends will be, or may be, wholly or partly funded by CIL.
 - A report about CIL, in relation to the previous financial year which includes:
 - The total value of CIL set out in all demand notices.
 - The total amount of CIL receipts.
 - The total amount of CIL expenditure.
 - The items of strategic infrastructure on which CIL has been spent.
 - The amount of CIL used for the neighbourhood portion and the items of infrastructure it has been allocated for or spent on.
 - A report about planning obligations (also known as Section 106 Agreements) in relation to the previous financial year which includes information on monies received and what they were spent on.
5. Further information on preparing an IFS is set out in the Planning Practice Guidance.

Strategic infrastructure spending priorities

A695 corridor

6. For strategic infrastructure, it is recommended that the priority for spending is on the upgrade of junctions along the A695 corridor to support new housing in this area, on three sites at Crawcrook North, Crawcrook South and Ryton (187 homes at Crawcrook North, 169 homes at Crawcrook South and 550 homes at Ryton). It also includes 404 homes at the Prudhoe Hospital (within Northumberland) which leaves a total of 1310 homes.
7. The upgrading of junctions would involve improvements to roundabouts along the A695 through widening works. It also involves the signalisation of Blaydon Roundabout which has already taken place.
8. The A695 corridor improvements are to be funded by Section 106 contributions as well as CIL and so far, this has helped fund the signalisation of Blaydon Roundabout. These Section 106 contributions are tightly ringfenced through legislation and are required to be spent entirely on the A695 corridor*.
9. Estimated costs for the whole A695 corridor are £1,927,500. A total of £1,029,149.79 (not including full indexation) is already committed from Section 106 contributions which leaves £898,350.21 to be funded through CIL (although in practice this will be slightly less due to indexation) once sufficient CIL funds are in place.

*Section 106 contributions were negotiated from the Prudhoe Hospital site (despite it being in Northumberland) in the Council's capacity as a neighbouring authority consultee

10. As new homes are already completed at Crawcrook North and South and the initial site preparations for the build-out of the Ryton site are expected to commence in the first half of 2021, the remaining works along the A695 corridor need to be carried out to prevent severe cumulative impacts on the road network.
11. Other potential strategic infrastructure that could be funded (or part funded) by CIL in future years are Primary School expansion, strategic transport improvements elsewhere in the Borough and strategic green infrastructure and flood alleviation.

Consultation

12. The Leader and Deputy Lead and the Cabinet Members for Environment and Transport and Cabinet Members for Communities and Volunteering have been consulted.

Alternative options

13. There is a requirement to publish an IFS annually under the CIL Regulations and so there is no alternative option for this.
14. There is potential alternative strategic infrastructure that CIL could be spent on but this would mean that new housing development in Crawcrook, Ryton and Prudhoe would not be supported by strategic infrastructure required to prevent severe cumulative impacts on the road network as Section 106 contributions would only cover some of the works.

Implications of Recommendation

15. Resources:

- a. **Financial Implications** – The Strategic Director, Resources and Digital confirms that there will be sufficient funds in the CIL reserve to make the financial contribution. If a decision is made to not use the CIL reserve then the gap would need to be funded from existing Transport budget allocation within the Council's capital programme.
- b. **Human Resources Implications** – There are no human resource implications arising from this report.
- c. **Property Implications** - There are no direct property implications arising from this report.

16. **Risk Management Implication** – No risks associated with the consultation.

17. **Equality and Diversity Implications** – None.

18. **Crime and Disorder Implications** – None.

19. **Health Implications** – None.

20. **Climate Emergency and Sustainability Implications** – None.

21. **Human Rights Implications** - None.

22. **Ward Implications** – Without the strategic infrastructure along the A695 corridor to support housing development at Crawcrook and Ryton there will be severe cumulative impacts along the road network covering the A695 corridor in Crawcrook and Greenside, Ryton, Crookhill and Stella and Blaydon Wards

Gateshead Infrastructure Funding Statement 2019/20

November 2020

- **1.0 Introduction**
- 1.1 This report provides a summary of financial contributions the Council has secured through CIL Contributions and Section 106 agreements from new developments for off-site infrastructure works and affordable housing.
- 1.2 The information included in the report will be updated annually and published on the Council's website. This will ensure the most up to date information on the amount of developer contributions received from new developments in addition to information on where these monies have been spent is readily available to members of the public and other interested parties.
- 1.3 The report does not include information on the infrastructure delivered on site as part of new developments in the borough.
- 1.4 Please note that data on developer contributions is imperfect because it represents estimates at a given point in time and can be subject to change. However, the data reported within this document is the most robust available at the time of publication.

- **2.0 Section 106 Obligations**

- 2.1 Under section 106 (s106) of the Town and Country Planning Act 1990 a Local Planning Authority (LPA) can seek obligations, both physically on-site and contributions for off-site, when it is considered that a development will have negative impacts that cannot be dealt with through conditions in the planning permission.
 - 2.2 Regulations state that a planning obligation may only constitute a reason for granting planning permission for the development if the obligations is i) necessary to make the development acceptable in planning terms; ii) directly related to the development; and iii) fairly and reasonably related in scale and kind to the development.
 - 2.3 New residential developments place additional pressure on existing social, physical and economic infrastructure in the surrounding area. Planning Obligations aim to balance this extra pressure with improvements to the surrounding area to ensure that a development makes a positive contribution to the local area.
 - 2.4 The obligations may be provided by the developers 'in kind', where the developer builds or provides directly the matters necessary to fulfil the obligation. This might be to build a certain number of affordable homes on-site, for example. Alternatively, planning obligations can be met in the form of financial payments to the Council to provide off-site infrastructure works or contributions towards providing affordable housing elsewhere in the borough. In some cases, it can be a combination of both on-site provision and off-site financial contributions.
 - 2.5 Gateshead Council has provided a Planning Obligations Supplementary Planning Document which describes Gateshead's approach to requesting contributions towards infrastructure contributions from developers. The SPD does not set policy but provides a framework for implementation of policy DEL1: Infrastructure and Developer Contributions of the Local Plan.
 - 2.6 In December 2016 the council adopted the first review version of the SPD, which is aligned with the provisions set out in Gateshead's CIL, and the 123 Infrastructure List. We have now carried out a second review of the SPD, this update includes updates arising from the anticipated adoption of MSGP and includes an updated monitoring framework, including fees. Links to both documents are below: -
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https://www.gateshead.gov.uk/media/20990/Planning-Obligations-Supplementary-Planning-Document-Second-Review-July-2020/pdf/Planning_Obligations_Supplementary_Planning_Document_2nd_review_July_2020_Final.pdf?m=637310256147930000

<https://www.gateshead.gov.uk/media/1917/Planning-Obligations-SPD-First-Review-Version/pdf/Planning-Obligations-SPD-First-Review-Version.pdf?m=636669002200300000>

- 2.7 The Community Infrastructure Levy (Amendment) (England) (No.2) Regulations 2019 now allow Local Authorities to charge a monitoring fee through Section 106 planning obligations, to cover the cost of the monitoring and reporting on delivery of that section 106 obligation as described above. Monitoring fees can be used to monitor and report on any type of planning obligation, for the lifetime of that obligation. However, monitoring fees should not be sought retrospectively for historic agreements.
- 2.8 The regulations allow monitoring fees to be either a fixed percentage of the total value of the section 106 agreement or individual obligation; or could be a fixed monetary amount per agreement obligation; or Authorities may decide to set fees using other methods. However, in all cases, monitoring fees must be proportionate and reasonable and reflect the actual cost of monitoring.
- 2.9 Therefore, the following monitoring fees will be added to any new s106 agreements from October 2020. The fees set out below are considered to be proportionate and will contribute to the Council's reasonable costs of monitoring each obligation.

Obligation Category	Fee	Notes
<p><u>Financial Monitoring</u></p> <p>Financial Contribution with commencement trigger</p>	<p>£258.63</p> <p><i>(per obligation)</i></p>	<p>Based on one day of officer time</p>
<p><u>Financial Monitoring</u></p> <p>Financial Contribution with future trigger</p>	<p>£517.26</p> <p><i>(per obligation and per trigger point)</i></p>	<p>Based on two days of officer time</p>
<p><u>Physical Monitoring</u></p> <p>Obligations on site during construction and post occupation e.g.</p> <ul style="list-style-type: none"> • Employment & training Plans • Local workforce commitments • Restriction of occupation 	<p>£517.26</p> <p><i>(per obligation and per trigger point)</i></p>	<p>Based on two days of officer time</p>
<p><u>Physical Monitoring</u></p> <p>Developer provision e.g.</p> <ul style="list-style-type: none"> • Open Space/Play • Affordable Housing • Highway works 	<p>£517.26</p> <p><i>(per obligation and per trigger point)</i></p>	<p>Based on two days of officer time</p>
<p>Very large or complex developments may require a longer monitoring with commensurate monitoring charges</p>	<p><i>*On application</i></p>	
<p>Request to confirm compliance with S106 Obligations</p>	<p>£52.42</p> <p><i>(per obligation)</i></p>	<p>Based on one and a half hours of officer time</p>

- 2.10 Monitoring fees will be reviewed annually to reflect up-to-date costs. To clarify, the fee will be added to the s106 requirements.

- **3.0 Summary of S106 Agreement Obligations received in 2019/20**

- 3.1 A total of £304,281.41 has been received in S106 Obligations for the year 2019/20. This is split into: -

Education - £68,820.15

Ecology - £61,501.26

Highways - £173,960.00

- 3.2 Table below shows S106 payments received 2019/20

Story Homes Ltd Panther House, Asama Court, Newcastle NE4 7YD	£68,820.15	DC/15/01004/FUL	Paid 30/09/2019	Education Contribution
MH Southern & Co Ltd Green Lane Sawmills Felling, Gateshead NE10 0JS	£18,100.00	DC/18/00508/FUL	Paid 06/08/19	Ecology
Avant Homes Limited Investor House, Colima Avenue, Sunderland Enterprise Park, Sunderland SR5 3XB	£3,600.00	DC/18/00704/FUL	Paid 09/09/2019	Highways (tanfield railway path)
Avant Homes Limited Investor House, Colima Avenue, Sunderland Enterprise Park, Sunderland SR5 3XB	£20,360.00	DC/18/00704/FUL	Paid 09/09/2019	Highways (lighting of Tanfield railway path)
Avant Homes Limited Investor House, Colima Avenue, Sunderland Enterprise Park, Sunderland SR5 3XB	£31,252.60	DC/18/00704/FUL	Paid 09/09/2019	Ecology
Gentoo Homes Limited 2 Emperor House, 2 Emperor Way, Sunderland SR3 3XR	£150,000.00	Northumberland planning application	<u>Paid</u> 18/11/2019	Highways (Blaydon Roundabout)
The Go Ahead Group PLC 3rd Floor, 41-51 Grey Street, Newcastle upon Tyne NE1 6EE	£12,148.66	DC/18/00804/FUL	Paid 09/03/2020	Ecology

3.3 Table showing obligations contained within S106 agreements signed in 2019/20

<ul style="list-style-type: none"> Collingdon Road High Spen Avant Homes Ecology 1st Instalment 	DC/19/00279/FUL		£10,000.00
<ul style="list-style-type: none"> Collingdon Road High Spen Avant Homes Ecology 2nd Instalment 	DC/19/00279/FUL		£10,000.00
<ul style="list-style-type: none"> Collingdon Road High Spen Avant Homes Ecology 3rd Instalment 	DC/19/00279/FUL		£16,000.00
<ul style="list-style-type: none"> Woodhouse Mews Affordable Provision 	DC/18/03349/FUL	received	3 Affordables
<ul style="list-style-type: none"> Blaydon House Affordable Contribution 	DC/18/00863/FUL	Received allocated	£31,021.00

4.0 Community Infrastructure Levy

- 4.1 CIL is a tariff-based charge on the development of new floorspace (per square metre) in the borough. This money can be used to fund a wide range of infrastructure that is required to meet the future growth needs of the borough. Unlike Section 106 Agreements, the rate of CIL payable is both mandatory and non-negotiable.
- 4.2 The amount of CIL payable depends on where the development is located within the borough and the type of development (ranging from £0, £30 and £60 per square metre). The Gateshead CIL Charging Schedule and map of the charging zones is available to view on our website at:
- <https://www.gateshead.gov.uk/article/2972/Gateshead-Community-Infrastructure-Levy>
- 4.3 Once a CIL development has commenced a demand notice will be issued to the developer. This demand notice details the whole liable amount the developer is required to pay. The developer will then be able to pay either the whole amount or in instalments. Therefore, I have detailed the demand notice amounts issued to show the total amount of CIL due, which will be different to the CIL amounts received. See table below: -

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Year	Demand Amount
2017/2018	£103,058.26
2018/2019	£517,968.12
2019/2020	£0
2020/2021 (so far)	£266,120.06
Total	£887,146.44

- 4.3 The total amount of CIL received since being introduced in 2017 is shown in the table below: -

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Year	Received Amount
2017/2018	£34,009.23
2018/2019	£170,929.48
2019/2020	£69,049.03
2020/2021 (so far)	£147,049.03
Total	£421,036.77

- 4.4 In Gateshead 15% of CIL receipts is collected at the Neighbourhood Portion. The total amount of CIL collected for this since 2017 is shown in the table below: -

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Year	Neighbourhood Portion (15%)
2017/2018	£5,101.38
2018/2019	£25,639.42
2019/2020	£10,357.35
2020/2021 (so far)	£22,125.91
Total	£63,224.06

- 4.5 Up to 5% of CIL funds can be retained annually to cover administrative costs. This is shown in the table below: -

Year	Administrative Costs (5%)
2017/2018	£1,700.46
2018/2019	£8,546.47
2019/2020	£3,452.45
2020/2021 (so far)	£7,375.30
Total	£21,074.68

- **5.0 CIL EXPENDITURE**

- 5.1 This section sets out how CIL and S106 income will be spent and prioritised over the next reporting period (as per the requirements set out in relevant planning practice guidance and the CIL regulations). The level and timing of CIL funding will depend on the nature and scale of the development, the number of implemented planning permissions, build-out rates, and the phasing of development etc. This makes it difficult to forecast future CIL income and expenditure.
- 5.2 Strategic CIL (main pot) - CIL is to be allocated for the delivery of strategic infrastructure projects to support the growth of the Borough in the Core Strategy and Urban Core Plan (CSUCP) as to when sufficient funds become available.
- 5.3 A695 corridor - This includes improvements to roundabouts along the A695 through widening works and the signalisation of Blaydon Roundabout. This is to support the delivery of new housing sites at Crawcrook North, Crawcrook South and Ryton. It will also mitigate the impact of new development within Northumberland – namely development at Prudhoe Hospital.
- 5.4 The A695 corridor improvements are to be funded by Section 106 contributions as well as CIL and so far, this has helped fund the signalisation of Blaydon Roundabout. Estimated costs for the whole A695 corridor are £1,927,500. A total of £1,029,149.79 (not including full indexation) is already committed from Section 106 contributions which leaves **£898,350.21** (although in practice this will be slightly less due to indexation) to be funded through CIL.
- 5.5 Potential future projects to be funded (or part funded) by strategic CIL are Primary School expansion, strategic transport improvements elsewhere in the Borough and strategic green infrastructure and alleviation.

- **6.0 Neighbourhood portion of CIL**

- 6.1 The Neighbourhood portion of CIL is being used to help deliver a wide range of projects that relate to the provision of infrastructure or address the demands arising from development in an area.

- 6.2 In 2017, Cabinet approved a process for bids for the neighbourhood portion to be made and assessed*. The process is administered by the Community Foundation and decisions on bids made by local Ward Members and the Portfolio holder for Communities and Volunteering. Bids that come from the Ward in which the CIL development takes place are given priority and if funds are not used up, bids are opened to neighbouring wards and then the whole of the Borough.

- 6.3 Earlier this Year, the Community Foundation sought bids from community groups within the wards and adjacent wards where CIL had been secured and 8 separate grants have been awarded for a total of £35,704 funding. This is set out in the table below:-

**Apart from CIL development within Lamesley Parish where the CIL Neighbourhood portion is automatically passed on to the Parish Council to spend.*

Grant reference	Organisation	Ward	Project	Amount awarded
FR-10170 Funded from Marley Hill School (application DC/16/01079/FUL) and <u>Sunnside SE</u> (application DC/18/00704/ <u>FUL</u>) <u>developments</u> within ward.	South West Tyneside Methodist Circuit	Whickham South and <u>Sunnside</u>	Undertaking phase 1 of the building redevelopment	£4,500
FR-10211 Funded from Marley Hill School (application DC/16/01079/FUL) and <u>Sunnside SE</u> (application DC/18/00704/ <u>FUL</u>) <u>developments</u> within ward.	Tyneside Vineyard	Whickham South and <u>Sunnside</u>	New flooring, lighting, furniture and kitchen equipment	£5,000
FR-10111 Funded from Marley Hill School (application DC/16/01079/FUL) and <u>Sunnside SE</u> (application DC/18/00704/ <u>FUL</u>) <u>developments</u> within ward.	Marley Hill Community Bowling Club	Whickham South and <u>Sunnside</u>	Pavilion repairs	£5,000
FR-10627 Funded from Marley Hill School (application DC/16/01079/FUL) and <u>Sunnside SE</u> (application DC/18/00704/ <u>FUL</u>) <u>developments</u> as a neighbouring ward	<u>Chopwell</u> Regeneration CIO	<u>Chopwell</u> and Rowlands Gill	Stage 1 of the building work for the renovation of the former Lloyds Bank in <u>Chopwell</u>	£5,000

FR-10961 Funded from Marley Hill School (application DC/16/01079/FUL) and <u>Sunniside SE</u> (application DC/18/00704/FUL) <u>developments</u> as a neighbouring ward	Gateshead District Scout Council	Dunston Hill and Whickham East	Purchasing a grass cutter for Whickham Thorns outdoor activity centre	£5,000
FR-10969 Funded from Marley Hill School (application DC/16/01079/FUL) and <u>Sunniside SE</u> (application DC/18/00704/FUL) <u>developments</u> as a neighbouring ward	The <u>Soundroom</u> Community Music Project	Lobley Hill and <u>Bensham</u>	Refurbish the basement of the building into accessible space for community use	£4,404
FR-10908 Funded from Marley Hill School (application DC/16/01079/FUL) and <u>Sunniside SE</u> (application DC/18/00704/FUL) <u>developments</u> as a neighbouring ward	Durham Wildlife Trust	Blaydon	Employing a contractor to build a boardwalk to access the wetland's site	£3,400
FR-10798 Funded from Marley Hill School (application DC/16/01079/FUL) and <u>Sunniside SE</u> (application DC/18/00704/FUL) <u>developments</u> as a neighbouring ward	<u>Bensham</u> Grove Community Centre	Lobley Hill and <u>Bensham</u>	Develop a Community Garden on the site adjacent to the Community Hall	£3,400

- **7.0 Projections for the Neighbourhood portion in 2021/22**
- 7.1 For the financial year 2021/22 the following table shows the funds available for the Neighbourhood portion. The Community Foundation will publicise the funding opportunities in Wards where the CIL development is located, in early 2021 with decisions on funding applications made soon after. If funds are remaining, further publicity will be undertaken by the Community Foundation for applications in adjacent Wards and if funds are remaining the rest of the Borough.

Development	Ward	Amount available
Sunniside SE (application DC/18/00704/FUL)	Whickham South and Sunniside	£44,922.306
Former Springs Gym (application DC/17/00963/FUL)	Saltwell	£7027.02
High Spen East (application DC/18/00859/FUL)	Winlaton and High Spen	£13,172.943